



Vodafone Group Plc Results

For the half year ended 30 September 2019

12 November 2019



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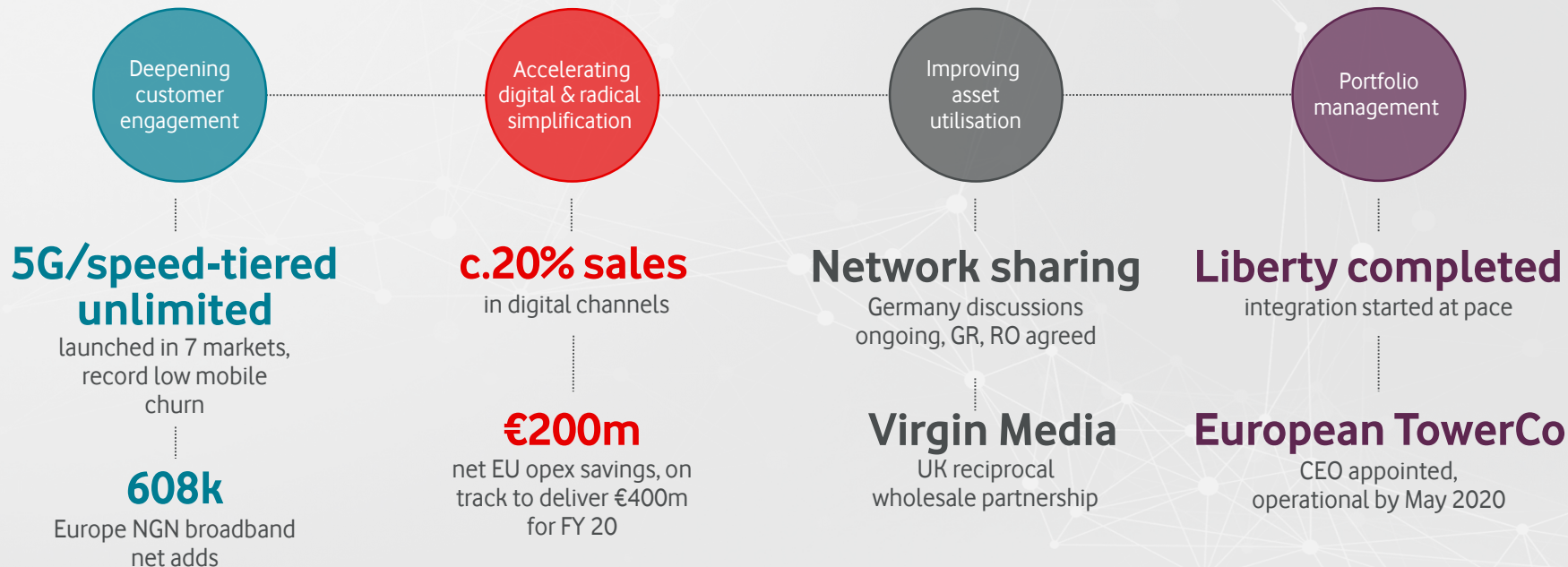
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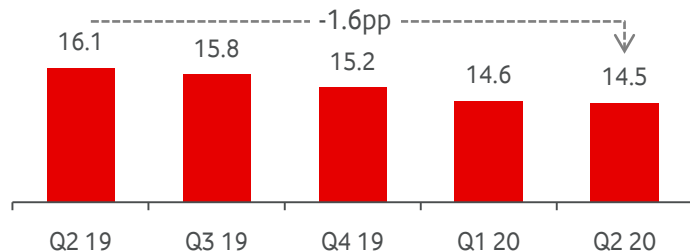
H1 20 highlights



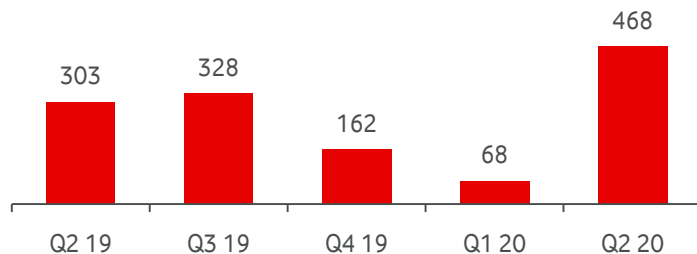
Q2 service revenue: 0.7%, +0.9pp QoQ; H1 EBITDA +1.4%

Deepening customer engagement: reducing churn, gaining in fixed

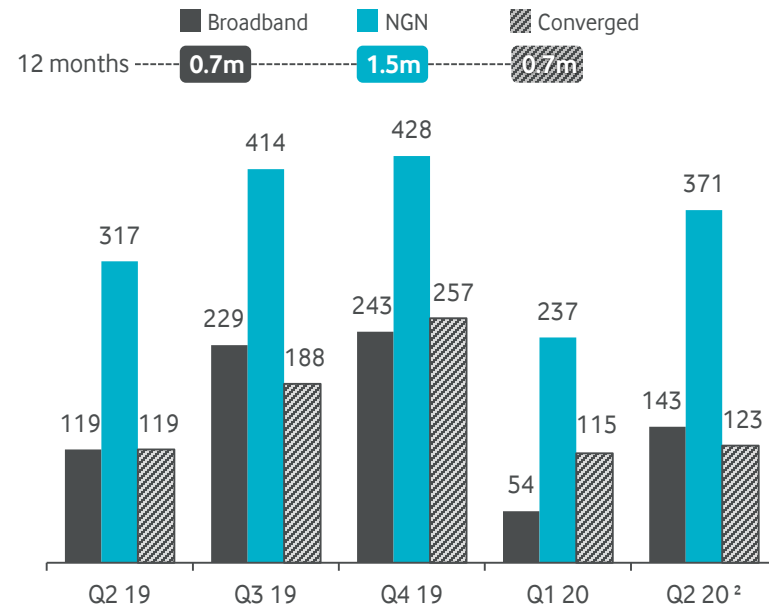
Europe contract mobile churn (%)



Europe contract mobile net additions (000s)¹



EU fixed net adds (000s)

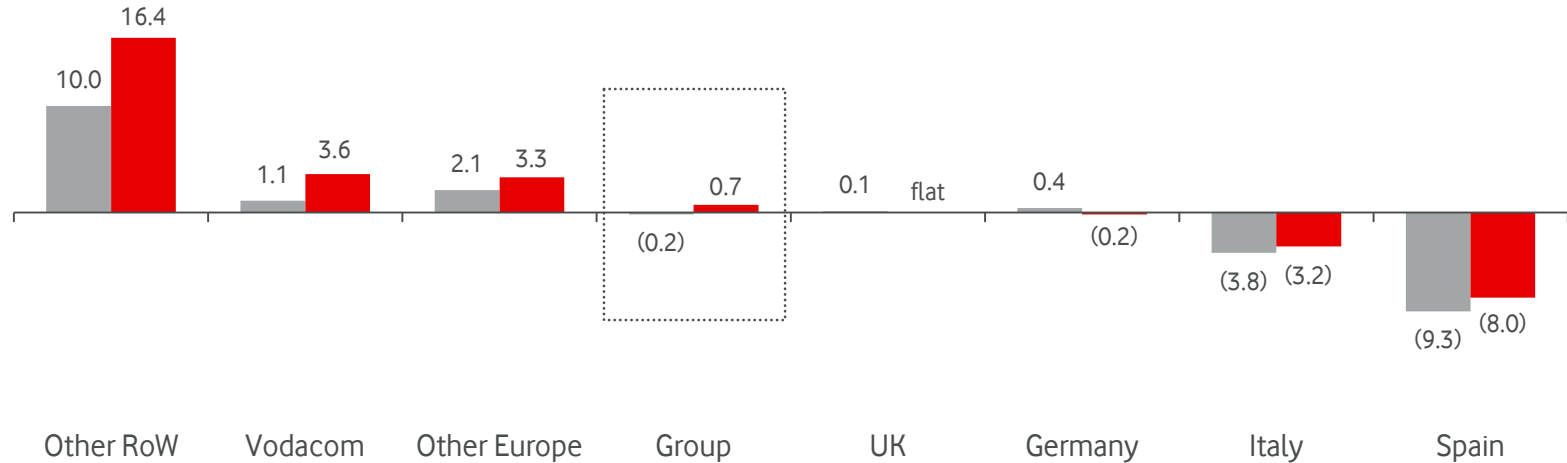


1. Excludes Italy which is impacted by significant contract to prepaid migrations
2. Includes Liberty Global assets for 2 months

Consistent commercial performance supporting service revenue growth

Q1/Q2 FY 20 service revenue growth (%)

■ Q1 ■ Q2



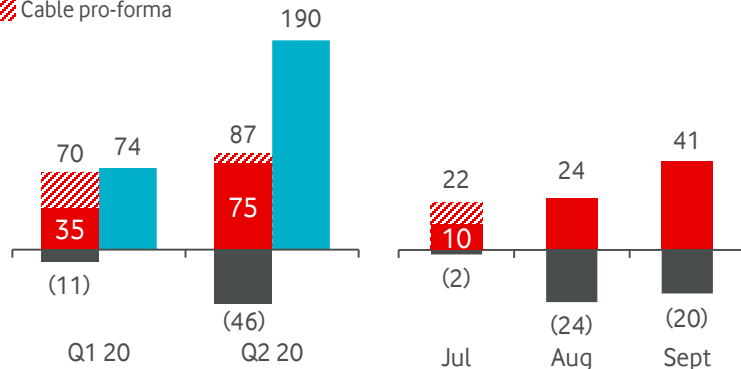
Germany: solid retail performance and fast start Unitymedia integration

30%
of service
revenue

Net additions (000s)

■ Cable ■ DSL ■ Mobile contract

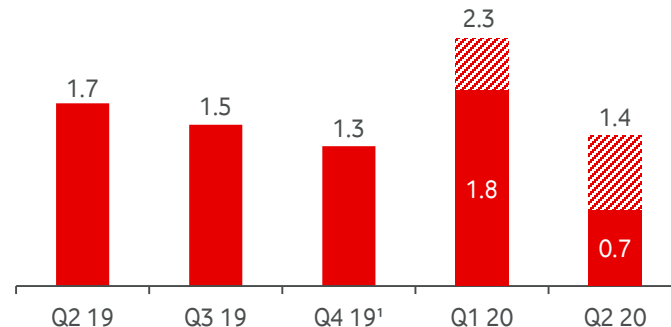
▨ Cable pro-forma



Q2 service revenue **-0.2%** (Q1 +0.4%)

■ Retail (service revenue excl. wholesale)

▨ Retail excl. int'l calling & MTRs



- Fast start to Unitymedia integration; commercial start date 2nd Sept
- Good cable adds, DSL impacted by ULL price increases and migrations

- Fixed service revenue +3.0% (Q1 +1.5%). Mobile -2.7%, retail mobile broadly stable excluding regulation
- H1 EBITDA +3.5%, supported by channel mix and opex reductions

1. Excludes the impact of a legal settlement in Q4 18

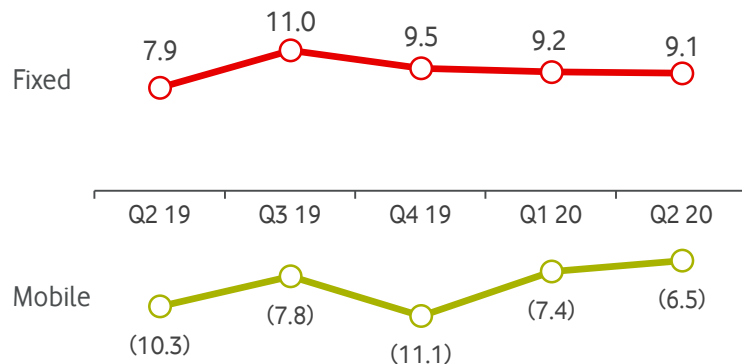


Italy: trending better

13%
of service
revenue

Q2 service revenue **-3.2%** (Q1 -3.8%)

Service revenue growth (%)



- Market net ports for main brands reduced 57% YoY in Q2
- H1 EBITDA -3.5% on lower revenues, 1.1pp of margin expansion

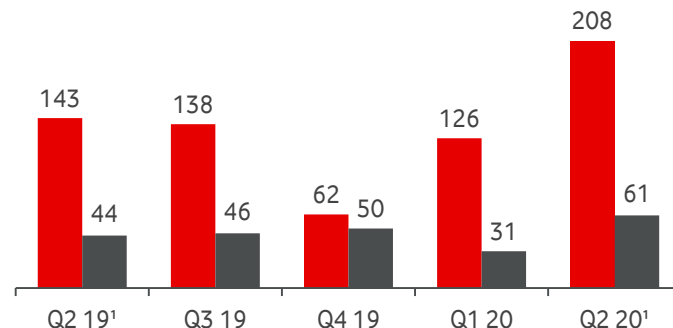
UK: commercial acceleration

13%
of service
revenue

Q2 service revenue **+0.0%** (Q1 +0.1%)

Net additions (000s)

■ Mobile contract plus VOXI¹ ■ Fixed broadband



- Q2 service revenues +0.5%² excluding regulation
- Strong Consumer commercial momentum, Business growing
- H1 EBITDA +3.8%³ excl. license fees one-off, new Cloud partnership

1. Adjusted for the phasing out of Talkmobile customers and base cleanse in Q2 19 and Q2 20
2. Reported Q2 service revenues flat
3. Reported EBITDA -0.8%

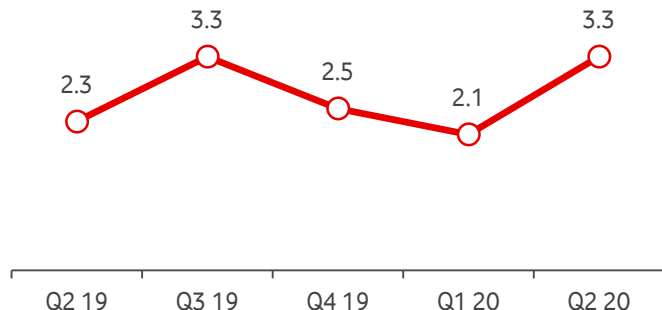


Other Europe: strong growth

13%
of service
revenue

Q2 service revenue **+3.3%** (Q1 +2.1%)

Service revenue growth (%)



- Good momentum in PT, CZ, GR, HU. Ireland fixed improving
- Fast start on CEE integration
- H1 EBITDA +3.1% against tough comparison last year

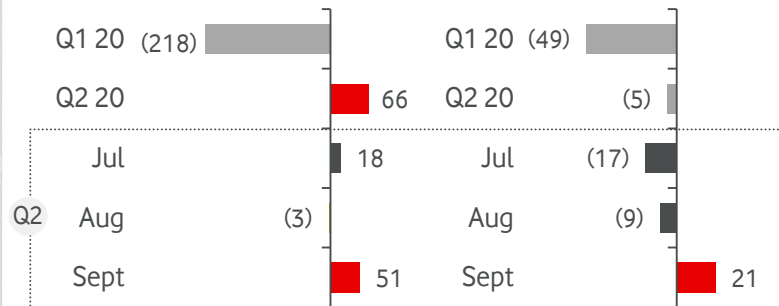
Spain: repositioned

10%
of service
revenue

Q2 service revenue **-8.0%** (Q1 -9.3%)

Mobile additions (000s)

Fixed additions (000s)



- Fixed and mobile base returned to growth, supported by Lowi
- TV customer base +20k in Q2, stable in H1
- H1 EBITDA -11.3%, margin -0.2pp on lower customer base/ARPU

Vodacom: SA reaccelerating

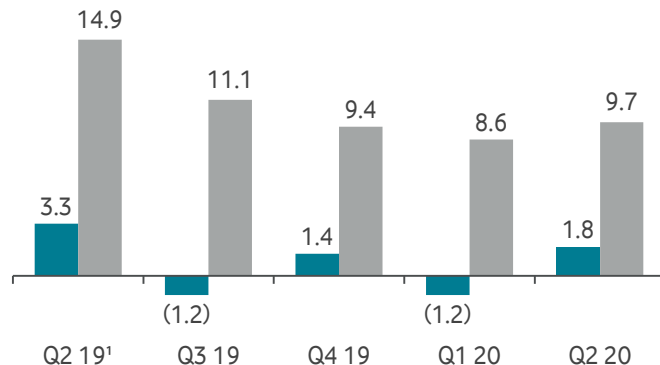
12%
of service
revenue

Joint ventures

Q2 service revenue **+3.6%** (Q1 +1.1%)

Service revenue growth (%)

■ South Africa ■ International



- South Africa recovery supported by roaming, data transformation
- Demand for mobile data and M-Pesa driving International growth

Vodafone Ziggo: strong commercial momentum

- 39% of broadband customers and 74% of branded consumer mobile SIMs now converged
- Record mobile contract net adds
- EBITDA guidance upgraded to c.3% growth (from initial 1-3%) and c.€600m total shareholder returns (from €400-600m)

Vodafone Idea: Supreme Court AGR ruling

- Actively seeking financial relief from the government
- Indus Towers merger awaiting regulatory approval
- Results due on 14 November

1. Underlying growth in South Africa was 1.0% in Q2 19 excluding the impact of a one-off benefit relating to a change in revenue deferral policy for new 'plus' plans. Underlying growth in International was 10.6% in Q2 19 excluding the impact of lapping the devaluation of the Congolese Franc in the prior year.

An aerial, top-down view of a roundabout at night. The roundabout has a central landscaped area with a circular garden, trees, and a paved walkway. The surrounding city is illuminated with streetlights and building lights, creating a vibrant blue and white glow. The image is rotated 90 degrees clockwise.

Financial review

Margherita Della Valle
Group Chief Financial Officer

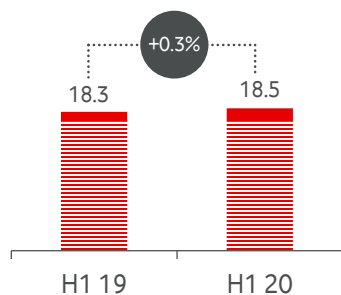


H1 financial highlights

Organic growth

Service revenue (€bn)

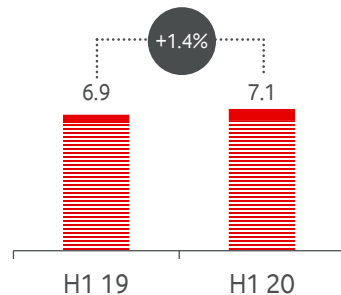
Organic¹



Returned to growth
in Q2

Adjusted EBITDA (€bn)

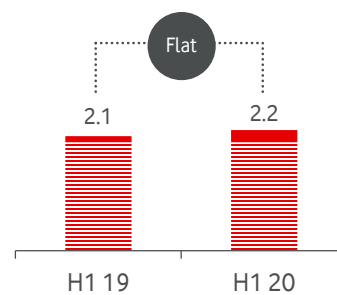
Organic¹



Organic EBITDA margin¹
+60bps YoY

Adjusted EBIT (€bn)

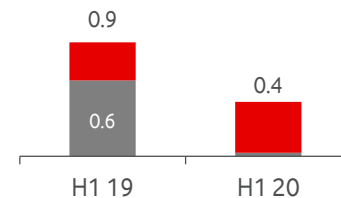
Organic¹



EBITDA growth offset by
higher D&A

Free cash flow (€bn)

Pre-spectrum Post-spectrum & restructuring



Timing of WC & higher
restructuring costs

1. Organic figures exclude Vodafone New Zealand and the acquired Liberty Global assets

Adjusted and reported earnings

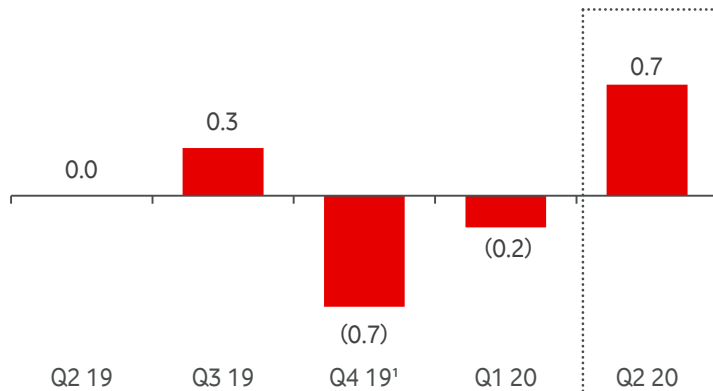
(€m)	H1 19	H1 20	
Adjusted EBIT	2,142	2,231	
Associates	(8)	(550)	• Vodafone Idea included for whole of H1
Adjusted financing costs/income	(415)	(799)	• Includes Liberty Global financing costs
Adjusted tax expense	(410)	(394)	• Group effective tax rate 27.5% , expected to be mid-20s going forward
Non-controlling interests	(133)	(238)	
Adjusted earnings¹	1,176	250	
Impairment loss	(3,495)	-	
India	(3,535)	-	
Amortisation of brand assets/other	(317)	(232)	
Other income and expense	(256)	(872)	• Provision for AGR ruling offsetting gain on NZ disposal
Other ²	(402)	(125)	
Restructuring	(95)	(163)	
Taxation excluded from adjusted earnings	(1,010)	(986)	
Profit/(loss) for the period	(7,934)	(2,128)	
Weighted average number of shares ³ (m)	27,462	29,410	• 26,816 excl. MCBs
Adjusted earnings per share (euro cents) ¹	4.28	0.85	• Greater losses in India & higher financing costs

1. Reported excluding impairment losses, the loss on disposal of Vodafone India, restructuring costs, significant one-off items and amortisation of acquired intangible customer bases and brand intangible assets
2. Other includes non-operating income and expenses, mark to market losses/(gains), foreign exchange losses and non controlling interests excluded from adjusted EPS
3. Weighted average number of shares outstanding includes a weighted impact of 2,594 million shares (H1 2018: 765 million shares) following the issue in March 2019 of £1.72 billion mandatory convertible bonds with a 2 year maturity date in 2021 and £1.72 billion with a 3 year maturity date in 2022 (September 2018: £1.4 billion of mandatory convertible bonds issued in February 2016 and maturing in February 2019).



Back to organic service revenue growth

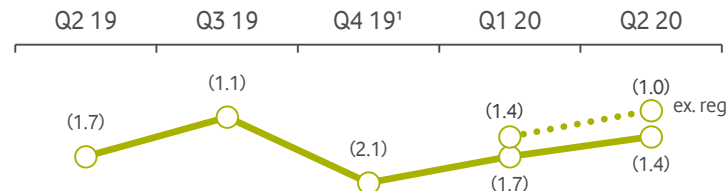
Group



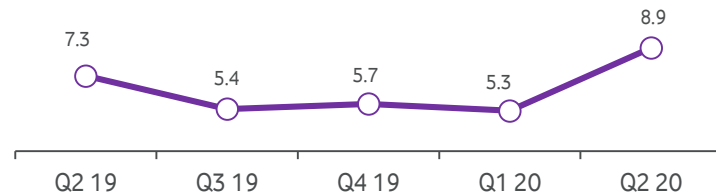
- H2 expected to improve compared to Q2
- Tough Q3 comparison in Italy, reflecting prior year price increase

Regions

Europe



Rest of World



- Europe: gradual improvement despite regulatory drag
- RoW: absolute growth in H1 of 6% in Euro-terms

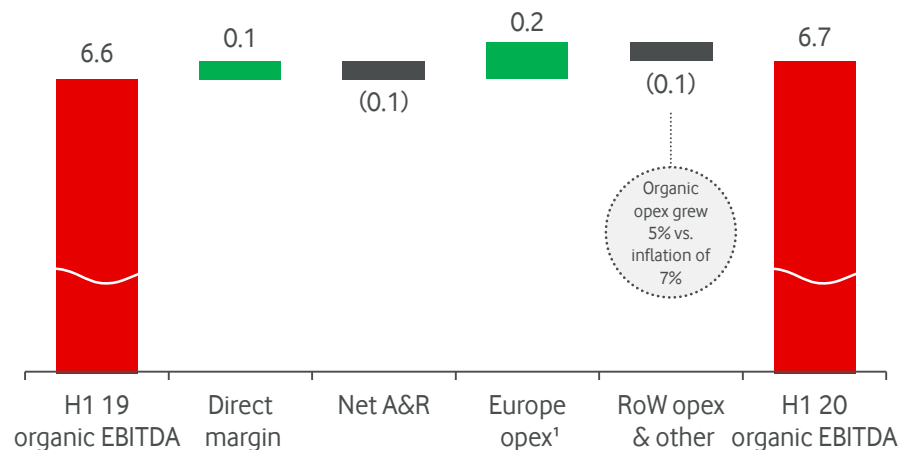
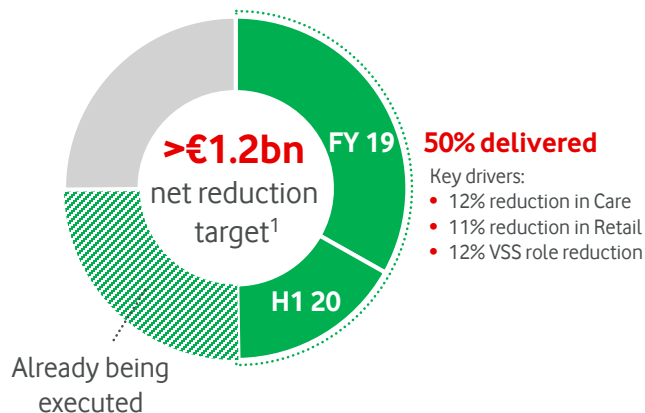
1. Excluding the impact of a German legal settlement in Q4 18



On-track to reach €1.2bn net opex reduction target in Europe

EBITDA growth (€bn)

Progress against EU opex target

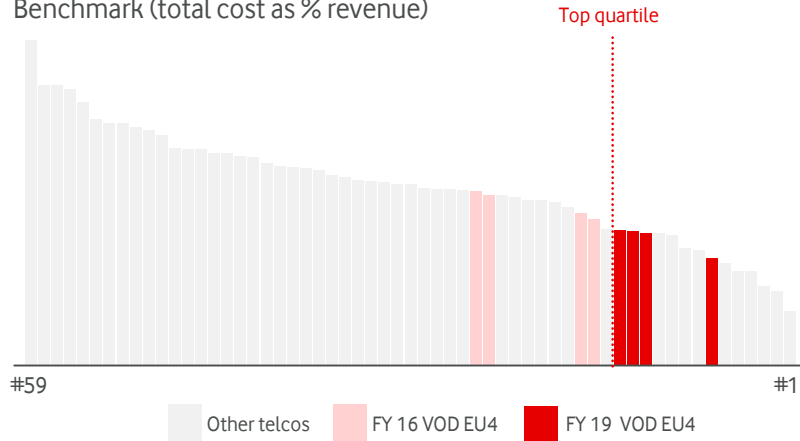


1. Europe and common functions opex

Top quartile operating efficiency achieved

Cost efficiency ranking¹

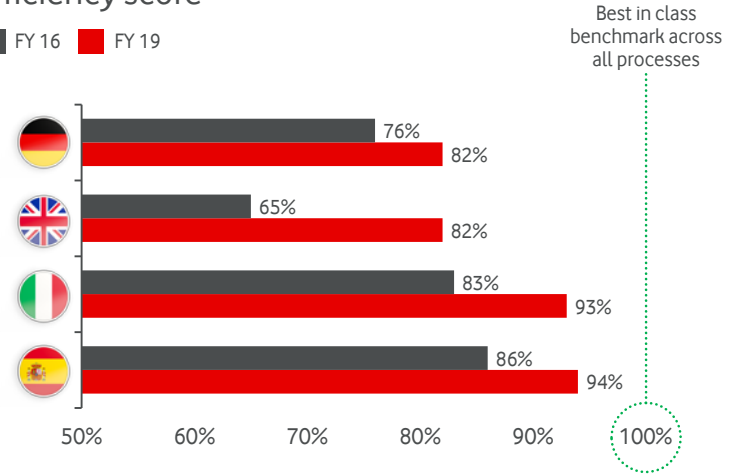
Benchmark (total cost as % revenue)



- All big EU4 markets now top quartile
- €900m (45%) reduction in benchmark gap since FY 16

Efficiency score²

■ FY 16 ■ FY 19



- Italy and Spain – 75% of processes are top quartile
- Significant opportunities remain in Germany and UK

Ambition to lead the industry in capturing digital efficiencies

1. Based on an external cost benchmarking survey
2. Efficiency score is calculated as 1 minus the gap to best in class as a proportion of total costs

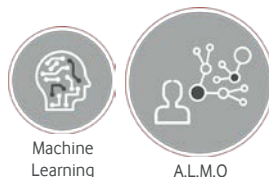
Digital First: a systematic transformation of our operating model

Acquisition Digital Marketing

€2.5bn¹

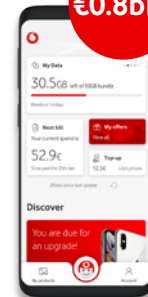


Base Management Always On Marketing



Channels The Future of Retail MyVodafone App

€0.8bn²



Customer Services Digital Care

€1.2bn³



Enablers



Technology



Automation/AI everywhere

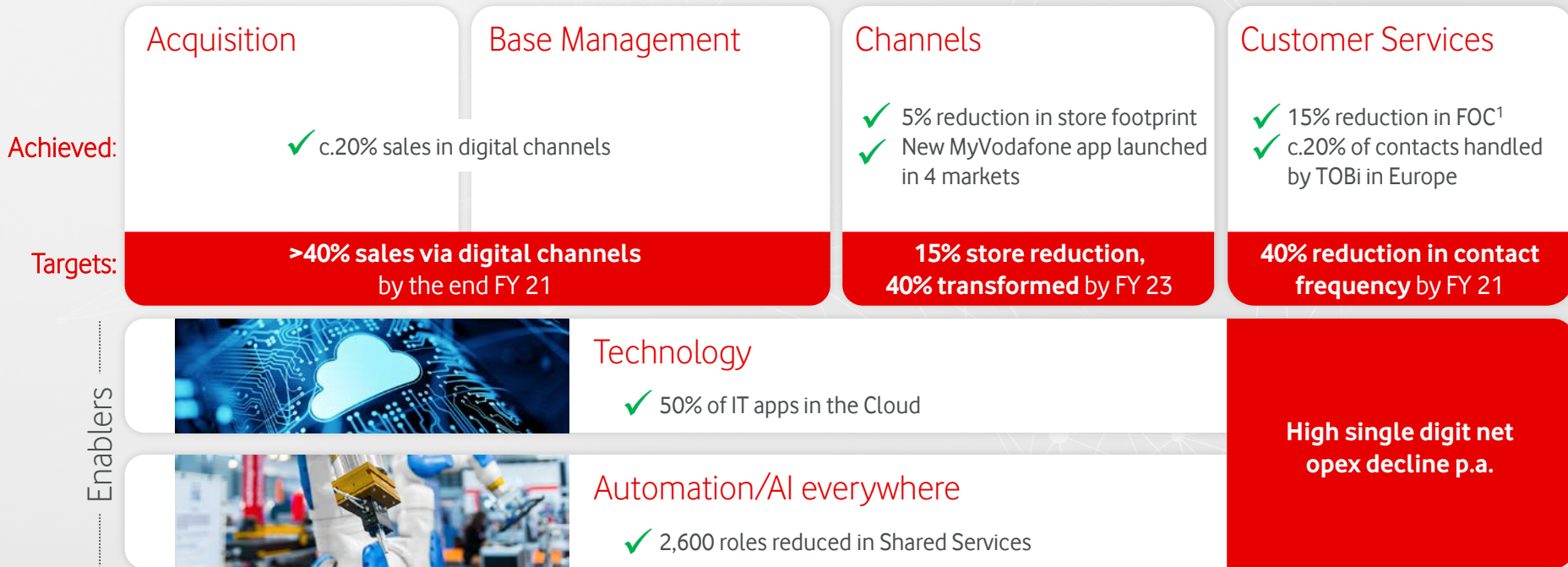
€2.9bn⁴

... with an addressable cost base of €7.5bn

All costs based on FY 19 on an IAS 17/18 basis incl. NZ and excl. Liberty Global assets

1. Commissions paid to 3rd parties
2. Retail opex
3. Customer operations opex
4. Technology and support operations opex (incl. VSS)

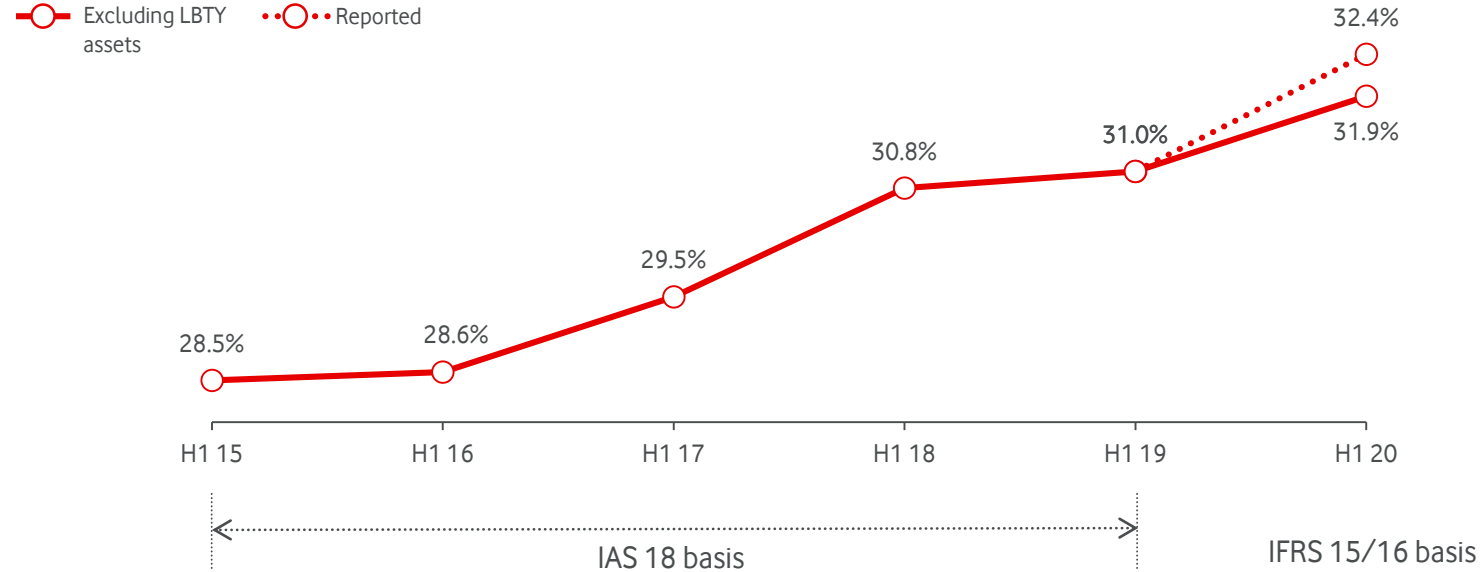
Digital First: driving structural cost reduction



1. Frequency of contact

A fifth consecutive year of EBITDA margin expansion

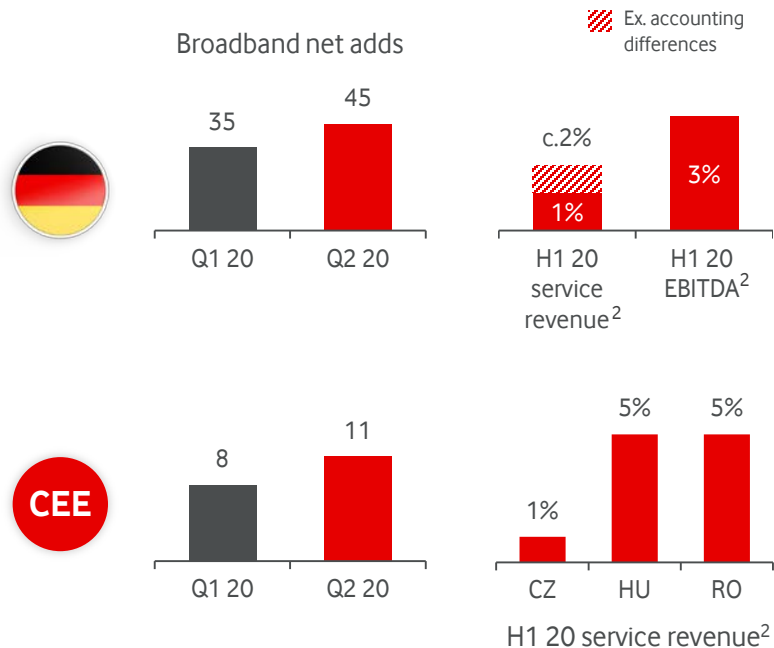
Group adjusted EBITDA margin (%)



Achieving on average 70bps of margin improvement per annum

Fast start on Liberty Global integration

Commercial and financial performance¹



- Synergies fully validated

- Timeline:

First 2 months:

- ✓ Integrated management teams
- ✓ Commenced cross selling & DSL migration activities
- ✓ Centralised procurement (VSS)

Next 6 months:

- Rebrand the business
- Start migrating TV base onto Vodafone platform

FY 21 onwards:

- Merge network backbone infrastructure
- Consolidate & simplify IT and billing platforms

Confident on delivering €535m of annual savings³



1. Standalone performance of the Liberty Global assets
2. Based on proforma financials and on a Vodafone accounting basis
3. Annual cost and capex savings targeted by the fifth full year post completion

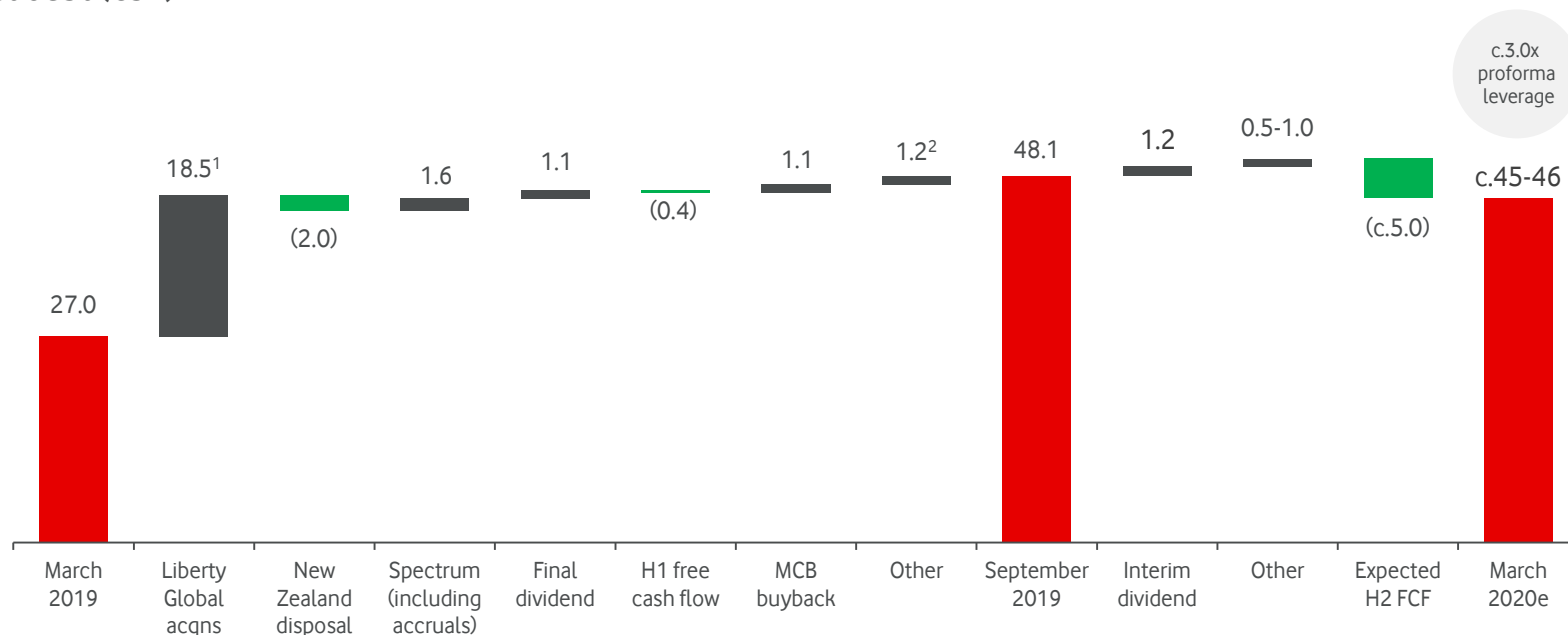
Free cash flow

(€m)	H119	H1 20	
Adjusted EBITDA	6,915	7,105	
Capital additions	(3,067)	(3,000)	
Working capital	(2,362)	(2,952)	● Timing differences
Net interest	(369)	(412)	● Expected to be c.€1.2bn for FY 20
Taxation	(395)	(483)	● Expected to be c.€1.1bn for FY 20
Dividends received from associates & investments	305	63	● No dividends received from Indus Towers
Dividends to non-controlling interests	(185)	(169)	
Other ¹	52	242	
Free cash flow (pre-spectrum)	894	394	
Spectrum	(231)	(58)	
Restructuring	(97)	(302)	● Reorganisations in Italy and Spain
Free cash flow	566	34	

1. Relates to non-cash movements including IFRS 16 related accounting adjustments, share based payments and disposal of capital assets

Proforma leverage expected to be c.3.0x (pre INWIT) at year end

Net debt (€bn)

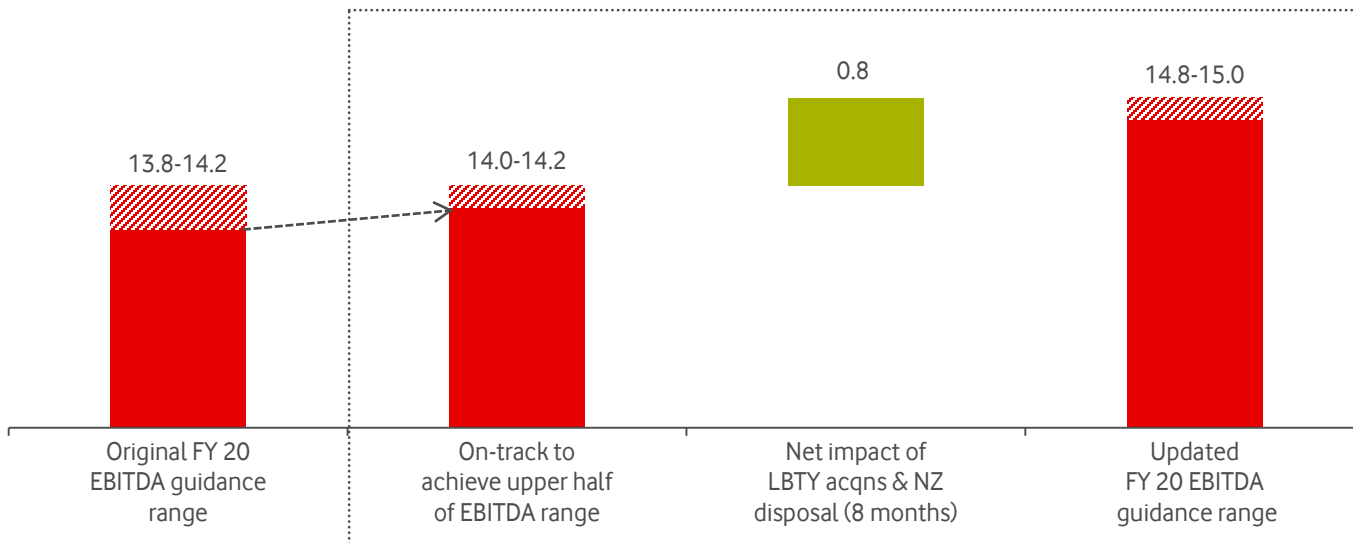


1. Includes fair value adjustment on acquired debt
2. Includes: €0.2bn pre-funding interest costs in relation to the acquisition of Liberty Global's assets, €0.3bn of restructuring (principally in Spain & Italy), €0.3bn mark-to-market movements, €0.2bn interest accruals (IFRS16 related) & €0.2bn FX/Other



Guidance updated

FY 20 EBITDA guidance¹ (€bn)



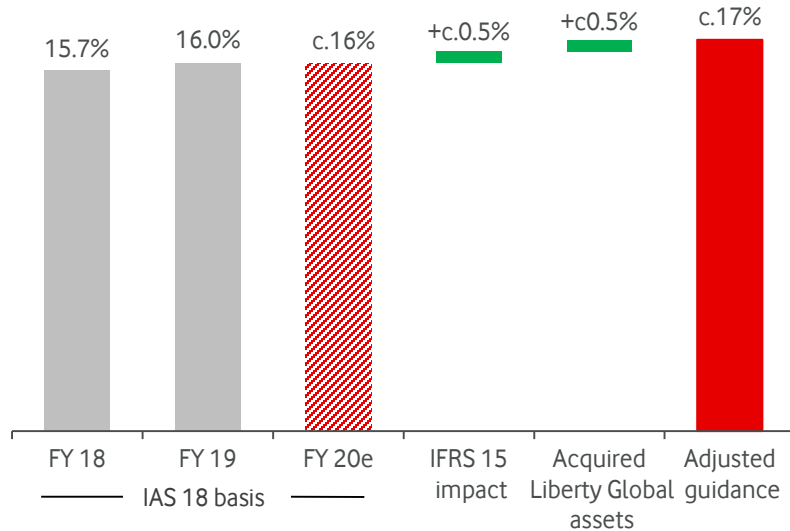
On-track to achieve the upper half of our original guidance range

1. We have based guidance for the financial year ending 31 March 2020 on our current assessment of the global macroeconomic outlook and assume foreign exchange rates of €1:£0.87, €1:ZAR 16.4, €1:TRY 6.4 and €1:EGP 19.7. Guidance excludes the impact of licence and spectrum payments, material one-off tax-related payments, restructuring payments, and any fundamental structural change to the Eurozone. It also assumes no material change to the current structure of the Group. Actual foreign exchange rates may vary from the foreign exchange rate assumptions used.



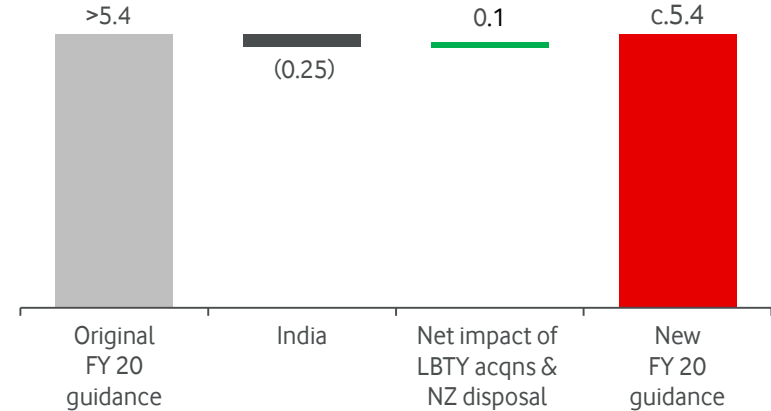
Capital intensity and FCF outlook

Capital expenditure as a % of revenue



- **FY 20-22 capital intensity expected to be c.17%**
- Network sharing & synergy opportunities longer-term

Free cash flow guidance (€bn)



- **FY 20 free cash flow guidance now c.€5.4bn**



Strategy update

Nick Read
Group Chief Executive



Our purpose

Our strategy

We connect for a better future

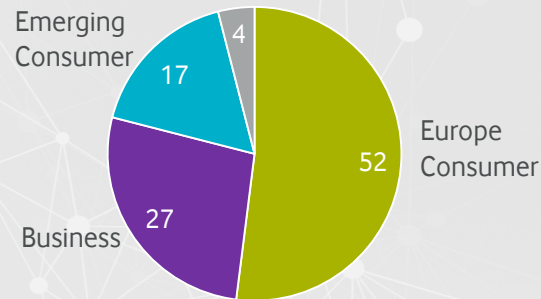
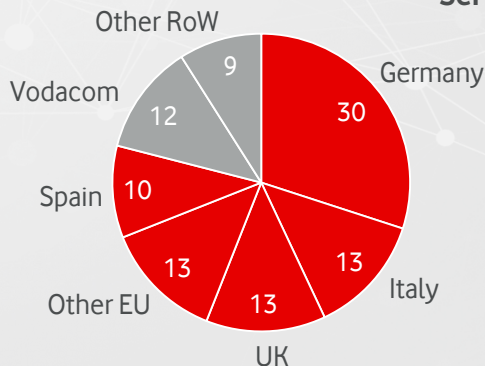
Deeper customer engagement

Europe
Consumer

Vodafone
Business

Emerging
Consumer

Service revenue mix (%)



Scaled platforms & partner of choice



Best Gigabit Network



Digital First

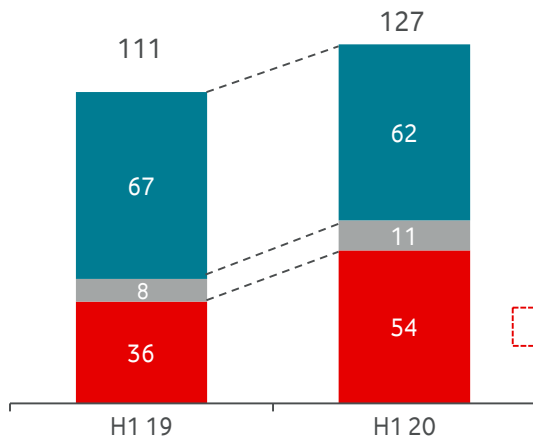


Radically Simpler

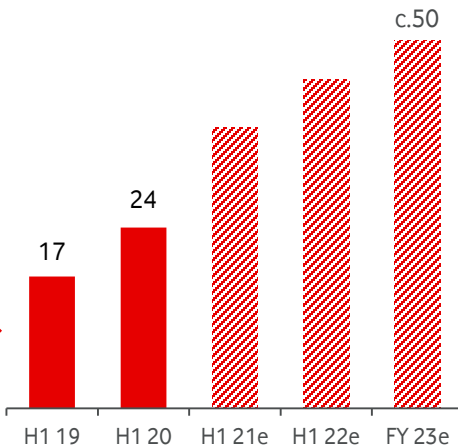
Best Gigabit network: Europe's largest NGN and 5G network

Europe NGN homes coverage mix¹

■ On-net ■ Strategic partnership
■ NGN Wholesale



Vodafone on-net Gigabit homes (m)¹



5G footprint

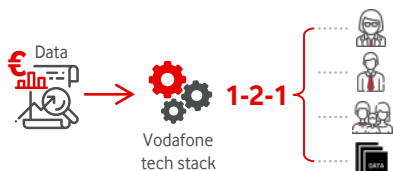


- Commercial launches in 7 markets
- 58 cities live
- 5G roaming launched across EU4

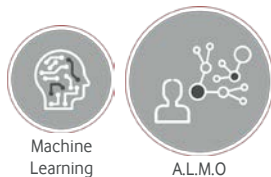
1. Includes VodafoneZiggo

Digital First: a systematic transformation of our operating model

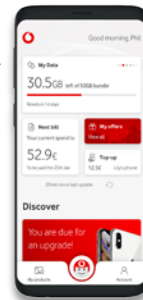
Acquisition Digital Marketing



Base Management Always On Marketing



Channels The Future of Retail MyVodafone App



Customer Services Digital Care



Enablers



Technology

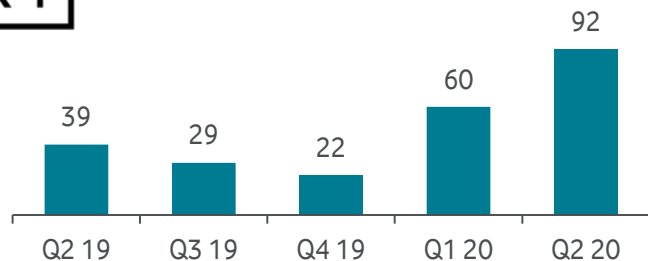


Automation/AI everywhere

Digital First: improving commercial performance

Acquisition: Digital marketing case study

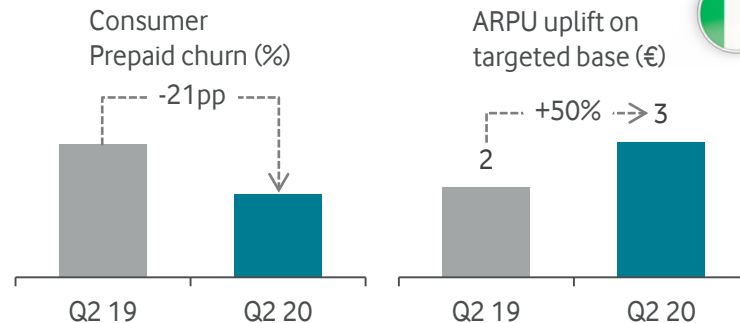
Active base growth (000)



- Real time multi channel digital campaigns around Love Island, reaching 38m hits across 8 platforms
- High customer satisfaction; NPS +62pt (Q2)

Ambition: >40% sales via digital channels by end FY 21

Base management, 'Always On Marketing' case study

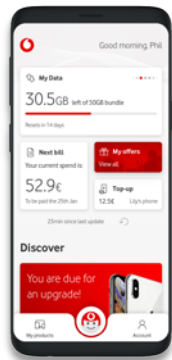


- Predictive, relevant and personalised offers optimised for customer lifetime value
- Upsell: +120% YoY uplift in activations in Q2

Ambition: 11 markets live today, 16 markets by FY 21

Digital First: deepening customer engagement through direct channels

Channels: MyVodafone 10

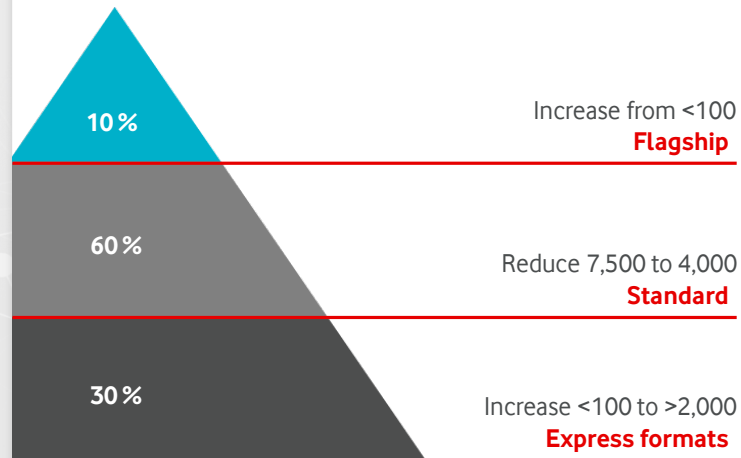


- Usage & billing **50%**
- Sales & multi-product management **15%**
- Discovery & rewards **15%**
- Help via TOBi **10%**
- Everything else **10%**

- Frequency strategy supported by loyalty programme
- Targeting end-to-end mobile first capability

Ambition: 16 markets¹ to launch by end of FY 20

Channels: The future of retail



- AI driven footprint & logistics

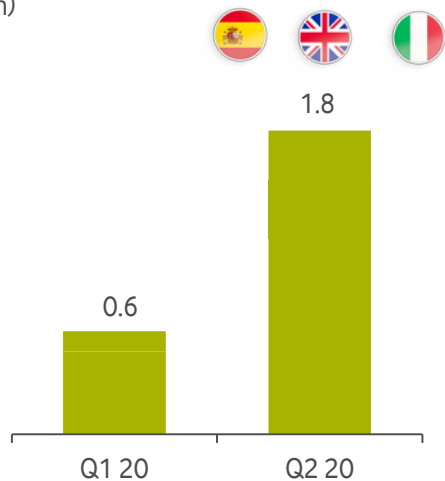
Ambition: 15% store reduction, 40% transformed by FY 23

1. Includes partner markets (Qatar and NZ)

Europe Consumer: radically simpler, unlimited/speed tiered plans

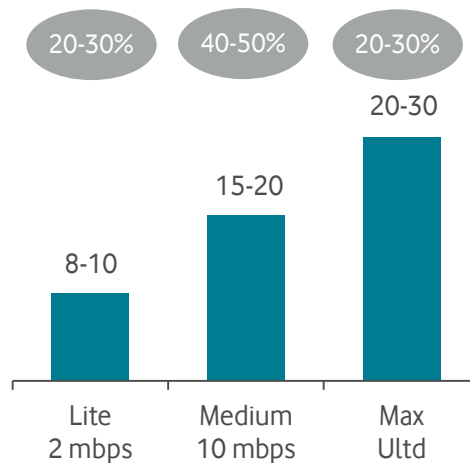
52%
of service
revenue

Unlimited customer base
(m)



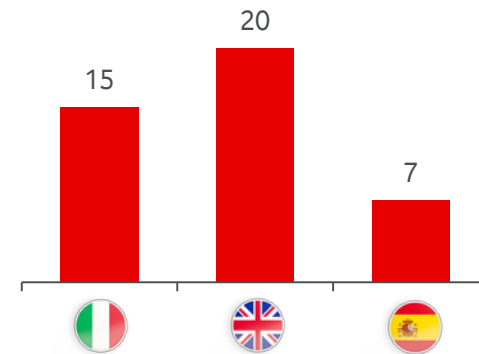
- Launched in 7 markets
- Focused on base migration

Unlimited data usage across EU3
(GB)



- 100-150% increase in usage

NPS uplift
(pt)

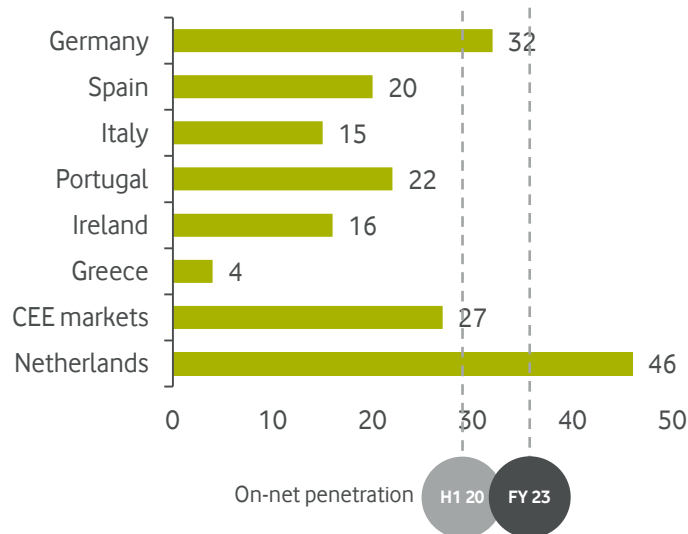


- Typically ARPU accretive

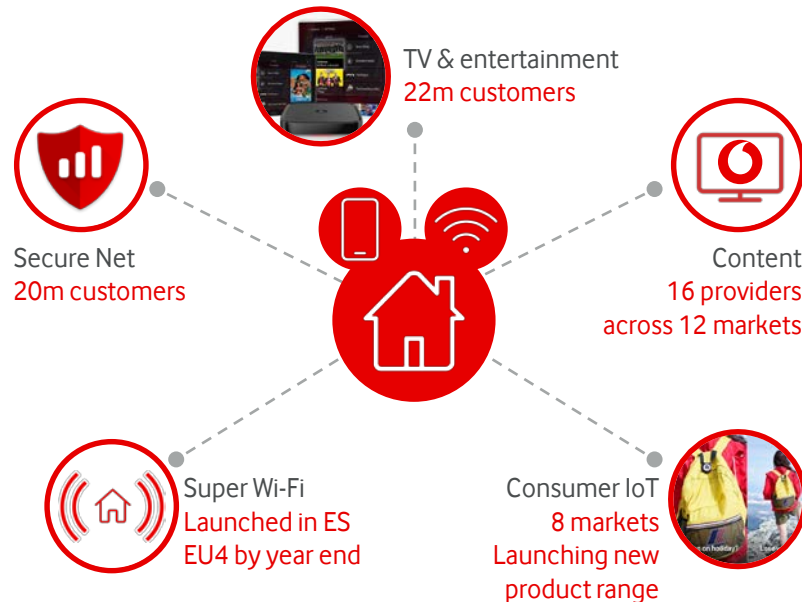
Europe Consumer: penetration of multi-product bundles

52%
of service
revenue

Drive fixed growth and increase on-net penetration (%)



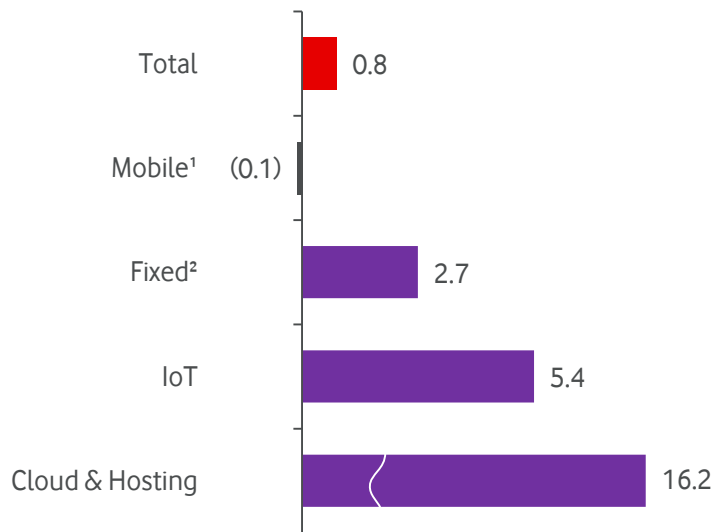
Evolve our propositions towards multi-product bundles



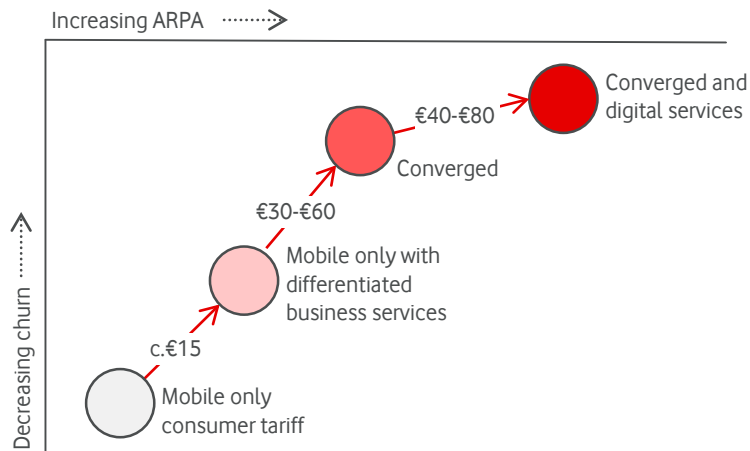
Vodafone Business: total communications driving growth

27%
of service
revenue

H1 service revenue growth
(%)



Migrate SoHo customers onto business converged plans



- SoHo contributes 25% of Business service revenue
- Only c.20% of SoHo customers are on business plans

1. Mobile including IoT; excluding IoT, mobile was -0.9%
2. Fixed including Cloud & Hosting; excluding Cloud & Hosting fixed was +1.3%

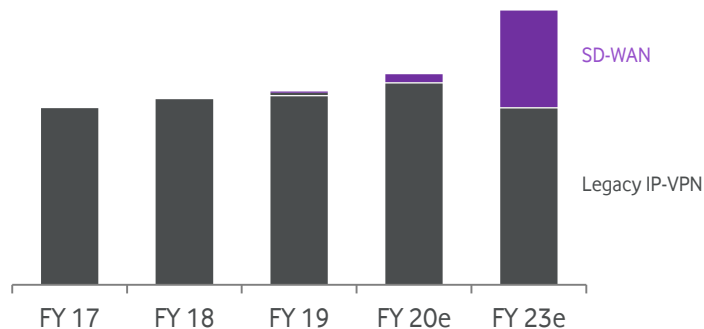
Vodafone Business: accelerate SD-WAN and leverage IoT leadership

27%
of service
revenue

Accelerate SD-WAN growth

Vodafone WAN revenue

€0.9bn¹

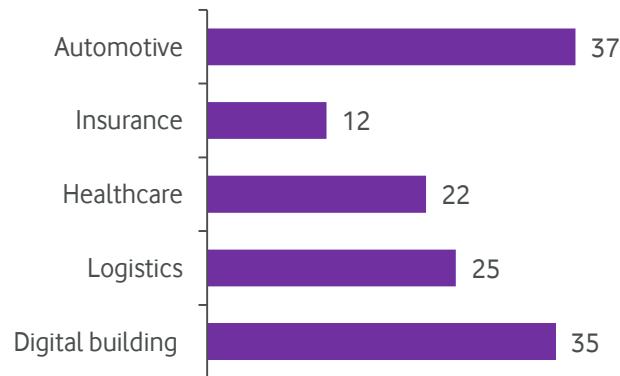


- Leader in Gartner Magic Quadrant
- Launched in VGE and UK
- 150 SD-WAN opportunities in the pipeline
- Targeting 20% WAN market share by FY 23 (13% today)

Leverage our leading global IoT platform

YoY SIM growth (%)

€0.8bn¹



- 94m SIMs (+22% YoY), driving connectivity revenue +9.2%²
- Extended our global reach with recent partnership with America Movil in Latin America

1. Last 12 months annualised revenue run-rate
2. Q2 20 YoY performance

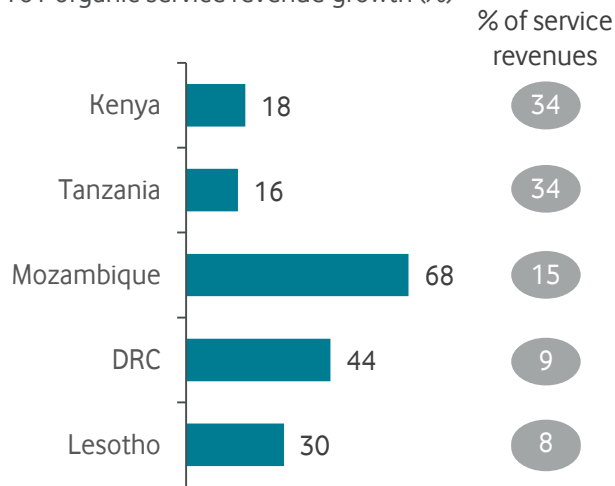
Emerging Consumer: M-Pesa and digital services driving growth

17%
of service
revenue

M-Pesa: Africa's leading platform

H1 YoY organic service revenue growth (%)

€1bn¹



- 5.8bn transactions (+10% YoY) in H1
- Evolve the proposition with smartphone penetration

Financial and digital services opportunities in South Africa

c.R2bn¹

Financial services



9.9m

Airtime advanced customers

1.6m

Insurance policies

+37% YoY

Service revenue growth

Digital services



1m

Video Play customers

14.8m

Video on demand purchases over 6 months



1.9m

App downloads

5.6m

Music subscribers

1. Last 12 months annualised revenue run-rate



Summary

- More consistent commercial performance
- Service revenue returned to growth
- 50% of our €1.2bn FY 21 Europe net opex target delivered
- Fast start on Liberty Global integration, reconfirming synergies
- H2 performance expected to build on H1
- Good progress on network sharing deals, active discussions in Germany
- On track to operationalise European TowerCo by May 20, monetisation over the next 15 months



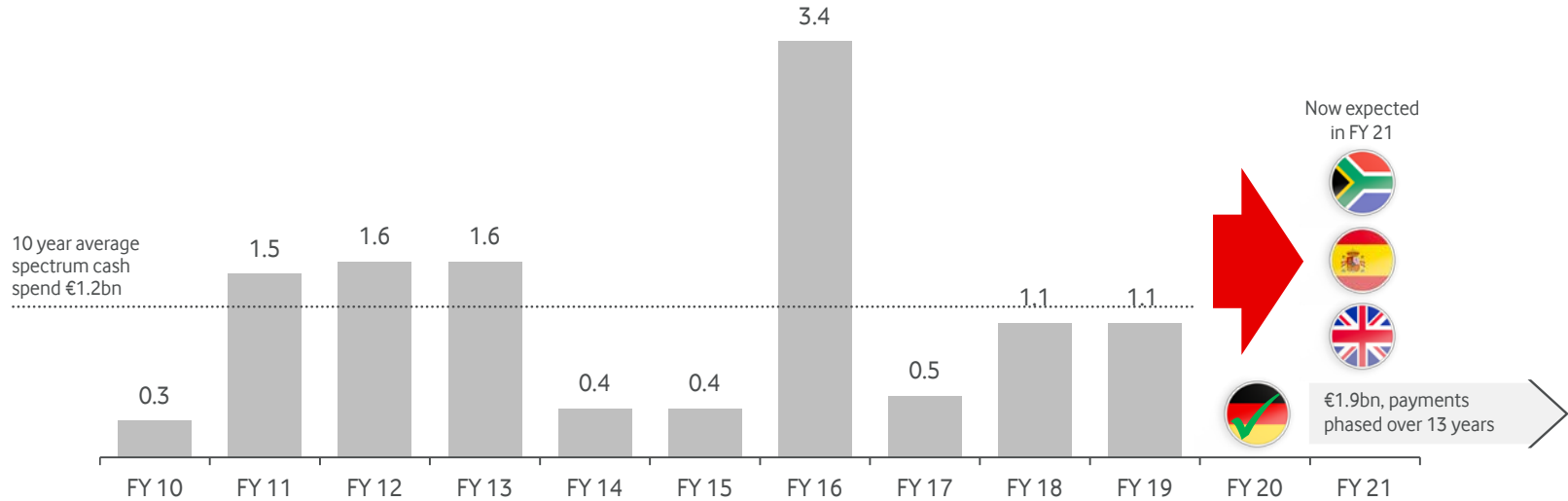
The background of the slide is a light gray color with a subtle, abstract network pattern. This pattern consists of numerous small white dots connected by thin, light gray lines, creating a web-like structure that spans the entire width of the slide. The dots and lines are more densely packed in some areas, particularly towards the right side, while other areas are more sparse.

Q&A



Appendix

Spectrum update

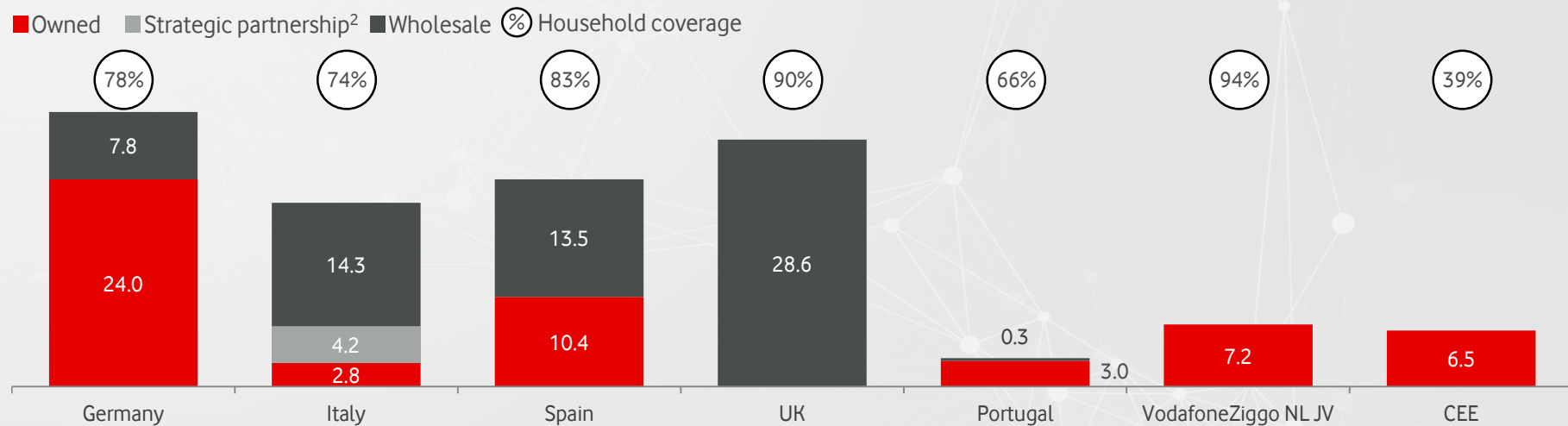


5G spectrum costs will now be phased over time¹

1. NPV of future spectrum costs are included in net debt

European NGN footprint¹

Household coverage (m)¹



127m

Households passed with NGN (incl. wholesale)

76%

Coverage



54m

Households passed with own NGN

32%

Coverage



1. As at the end of September 2019. Excludes 4.5m wholesale & self built NGN homes passed in Greece and Ireland
2. Of the 4.4m homes passed by Open Fiber, 4.2m were marketable by Vodafone at the end of September 2019

Forward-looking statement

This presentation, along with any oral statements made in connection therewith, contains “forward-looking statements” including within the meaning of the US Private Securities Litigation Reform Act of 1995 with respect to the Vodafone Group’s financial condition, results of operations and businesses and certain of the Vodafone Group’s plans and objectives.

In particular, such forward-looking statements include, but are not limited to, statements with respect to: expectations regarding the Vodafone Group’s financial condition or results of operations; expectations for the Vodafone Group’s future performance generally; expectations regarding the Vodafone Group’s operating environment and market conditions and trends; intentions and expectations regarding the development, launch and expansion of products, services and technologies, including the Vodafone Group’s Digital First transformational strategy; growth in customers and usage, including on-net penetration; expectations regarding spectrum licence acquisitions; and expectations regarding, service revenue, adjusted EBITDA, free cash flow, operating expense, capital intensity, net interest, net debt, taxation, shareholder returns and capital expenditure.

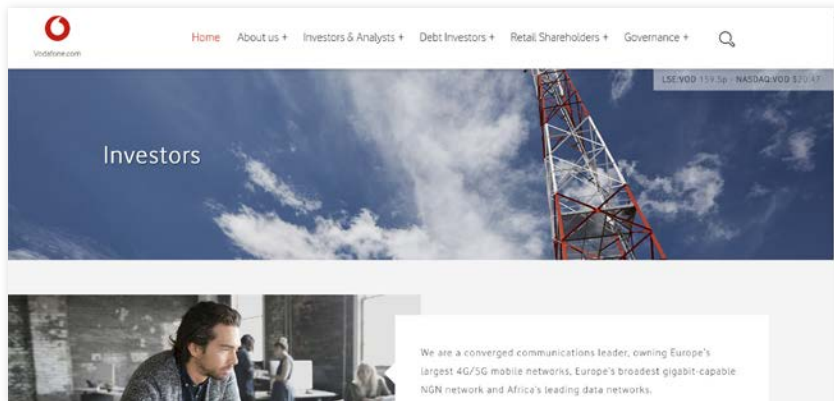
Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as “plans”, “targets” “gain”, “grow”, “continue”, “retain” or “accelerate” (including in their negative form). By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: external cyber-attacks, insider threats or supplier breaches; changes in general economic or political conditions in markets served by the Vodafone Group, including as a result of Brexit, and changes to the associated legal, regulatory and tax environments; increased competition; increased disintermediation; the impact of investment in network capacity and the deployment of new technologies, products and services; rapid changes to existing products and services and the inability of new products and services to perform in accordance with expectation; the ability of the Vodafone Group to integrate new technologies, products and services with existing networks, technologies, products and services; the Vodafone Group’s ability to grow and generate revenue; a lower than expected impact of new or existing products, services or technologies on the Vodafone Group’s future revenue, cost structure and capital expenditure outlays; slower than expected customer growth and reduced customer retention; changes in the spending patterns of new and existing customers and increased pricing pressure; the Vodafone Group’s ability to expand its spectrum position or renew or obtain necessary licences and realise expected synergies and associated benefits; the Vodafone Group’s ability to secure the timely delivery of high-quality products from suppliers; loss of suppliers, disruption of supply chains and greater than anticipated prices of new mobile handsets; changes in the costs to the Vodafone Group of,

or the rates the Vodafone Group may charge for, terminations and roaming minutes; the impact of a failure or significant interruption to the Vodafone Group’s telecommunications, networks, IT systems or data protection systems; changes in foreign exchange rates, as well as changes in interest rates; the Vodafone Group’s ability to realise benefits from entering into acquisitions, partnerships or joint ventures and entering into service franchising, brand licensing and platform sharing or other arrangements with third parties; acquisitions and divestments of Vodafone Group businesses and assets and the pursuit of new, unexpected strategic opportunities; the Vodafone Group’s ability to integrate acquired businesses or assets; the extent of any future write-downs or impairment charges on the Vodafone Group’s assets, or restructuring charges incurred as a result of an acquisition or disposition; the impact of legal or other proceedings against the Vodafone Group or other companies in the mobile telecommunications industry; loss of suppliers or disruption of supply chains; developments in the Vodafone Group’s financial condition, earnings and distributable funds and other factors that the Board takes into account when determining levels of dividends; the Vodafone Group’s ability to satisfy working capital and other requirements; and/or changes in statutory tax rates and profit mix.

Furthermore, a review of the reasons why actual results and developments may differ materially from the expectations disclosed or implied within forward-looking statements can be found under “Forward-looking statements” and “Risk management” in the Vodafone Group Plc Annual Report for the year ended 31 March 2019 and under “Risk factors” and “Other information (including forward-looking statements)” in the Vodafone Group Plc Half-Year Financial Report for the six months ended 30 September 2019. The Annual Report and Half-Year Financial Report can be found at investors.vodafone.com. All subsequent written or oral forward-looking statements attributable to Vodafone, to any member of the Vodafone Group or to any persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. No assurances can be given that the forward-looking statements in or made in connection with this presentation will be realised. Any forward-looking statements are made as of the date of this presentation. Subject to compliance with applicable law and regulations, Vodafone does not intend to update these forward-looking statements and does not undertake any obligation to do so.

More information

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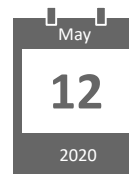
ir@vodafone.co.uk

For definitions of terms please see <https://investors.vodafone.com/glossary>

Upcoming dates



Q3 Results



FY 20 Results