

Vodafone Group Plc  
**Q1 FY23 Trading Update**  
25 July 2022



# Our strategy : Growth in Europe & Africa to drive returns

## Our Purpose

### Inclusion for All

Enabling the digital society to be accessible by all, with no one left behind

## We connect for a better future

### Planet

Ensuring our commercial success does not come at a cost to the environment

### Digital Society

Connecting people, places & things through gigabit fixed & mobile networks

## Our Vision

The new generation connectivity & digital services provider for Europe & Africa, enabling an inclusive & sustainable digital society

## Our Strategy

Deep & trusted customer relationships



Best connectivity products & services



Leading innovation in digital services



Outstanding digital experiences

Enabled through Group scale & expertise



Simplified & most efficient operator



Social Contract shaping the digital society



Leading gigabit networks

## The Spirit of Vodafone

Earn customer loyalty

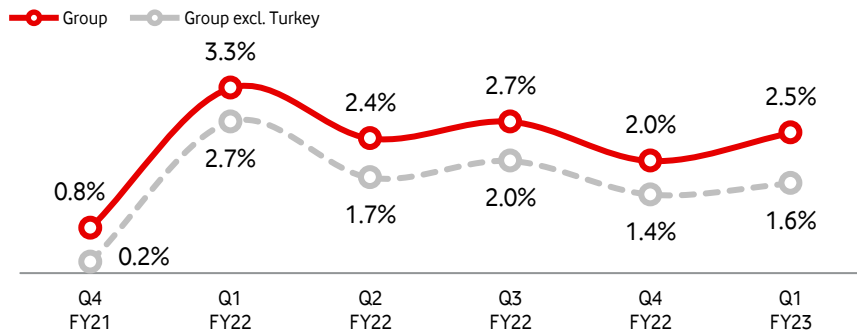
Create the future

Experiment & learn fast

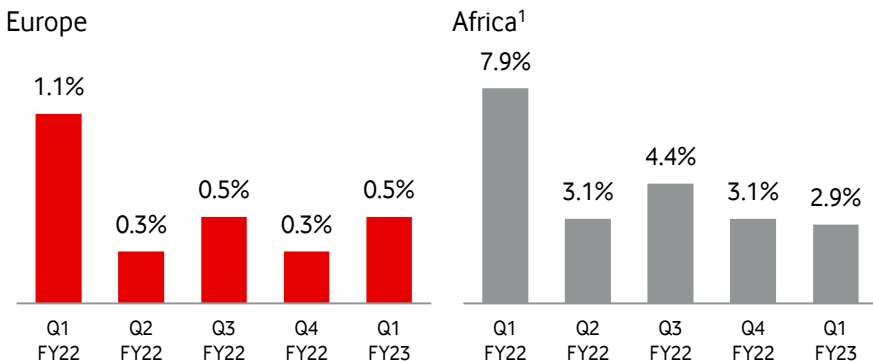
Get it done, together

# Highlights : Continued service revenue growth, in line with expectations

## Group Service Revenue YoY growth



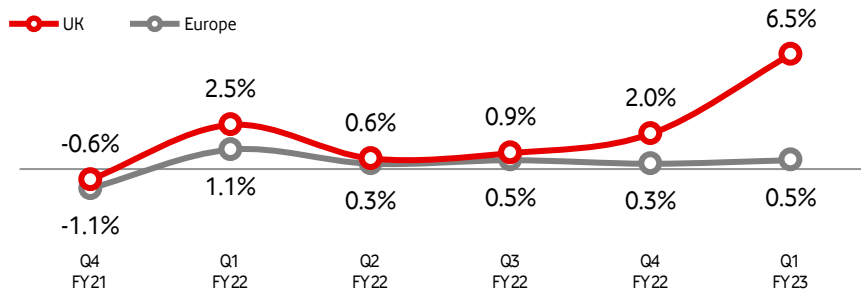
## Growing in both Europe and Africa



- Good service revenue growth maintained
- Germany service revenue decline of 0.5% largely reflecting the impact of the implementation of the new Telecoms Act, offset by acceleration in the UK
- Growth in Turkey increased by 10pp to 35.8% in Q1, impacting Group service revenue growth by an additional 0.3pp
- On track to deliver FY23 guidance with Adjusted EBITDAaL expected to be between €15.0 – €15.5 billion and Adjusted FCF of c.€5.3 billion

# Q1 Performance : Europe commercial actions supporting growth

## Europe service revenue growth



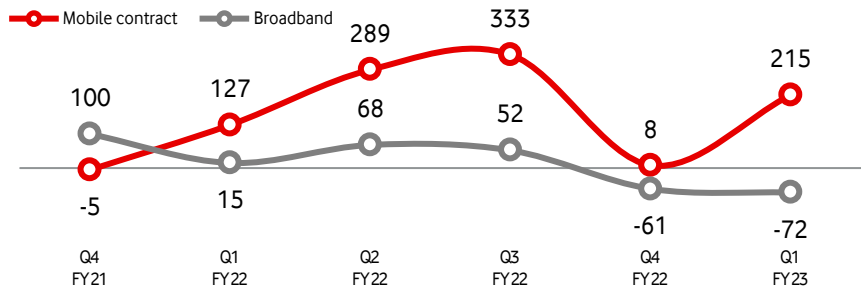
## Contractual price increase

- Growth acceleration in the UK driven by contractual price increases
- Focus on price actions across all markets

## Price plan simplification

- Migrations from legacy tariffs to more transparent plans in Italy
- Tariff portfolio simplification in Spain to improve customer loyalty

## Europe net customer additions



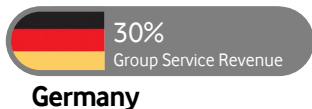
## Continued cross- and upselling

- Unlimited mobile plans driving ARPU uplift
- Upselling through AI-based customer lifecycle management tools

## Customer journey

- Remedial actions in Germany progressing in line with plans
- 75% of contacts resolved by TOBi, our AI-based customer agent

# Germany : Commercial momentum gradually recovering



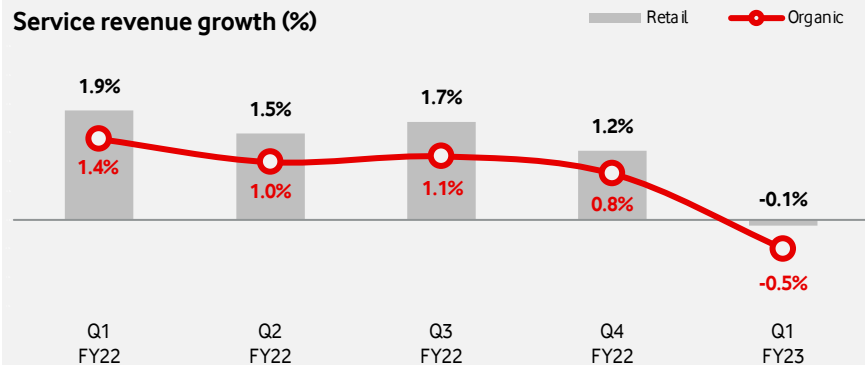
## Service revenue growth

**-0.5%**  
(Q4 FY22 +0.8%)

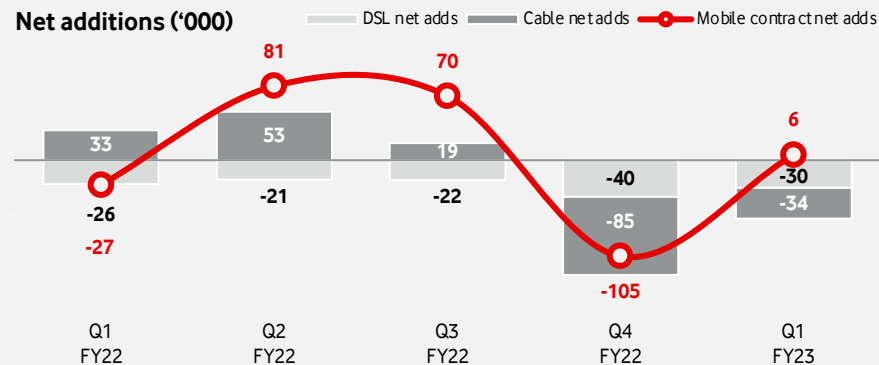
## Market and our performance

- Service revenue decline following customer losses related to the impact of new Telecommunications Act
- Broadband customer losses improved and mobile stabilised in Q1, benefiting from
  - stabilising IT systems and processes
  - improving customer journeys
  - gradual unwind of churn related to sector legislation

## Service revenue growth (%)



## Net additions ('000)



# Europe : Similar trends QoQ, growth acceleration in the UK

## Service revenue growth



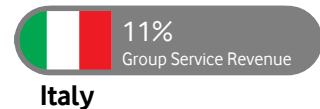
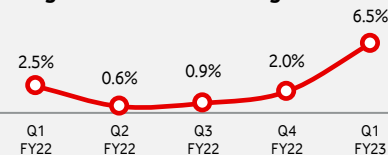
**+6.5%**  
(Q4 FY22 +2.0%)

## Market and our performance

- Double digit growth in Consumer driven by our contractual price increases and customer base growth
- Retail price points moved up for new customers
- Improved revenue trends in Business

## Highlights

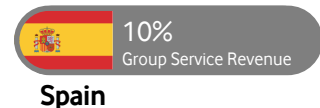
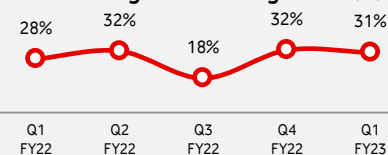
### Organic service revenue growth (%)



**-2.3%**  
(Q4 FY22 -0.8%)

- Strong demand in Business for digital services
- ARPU accretive mobile tariff simplification ongoing
- Broadband market promotional again

### Business digital services growth<sup>1</sup> (%)



**-3.0%**  
(Q4 FY22 -5.1%)

- Increase in net customer additions supported by improved customer loyalty
- Launched new simplified tariff plans
- Over 8,000 registrations to our ERF digital toolkit platform

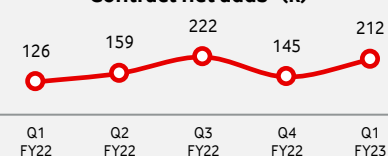
### Mobile contract net adds (k)



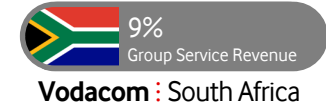
**+2.5%**  
(Q4 FY22 +2.7%)

- Growth in Portugal, Ireland, Greece, Czech, and Hungary
- Investment-linked pricing model activated in Ireland and embedded in contracts in 3 other markets

### Contract net adds<sup>2</sup> (k)



# Africa and Turkey : Growth in Vodacom, good demand in other markets



## Service revenue growth

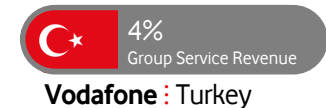
**+3.0%**  
(Q4 FY22 3.2%)



**+2.5%**  
(Q4 FY22 2.0%)



**+19.2%**  
(Q4 FY22 16.7%)



**+35.8%**  
(Q4 FY22 25.8%)

## Market and our performance

- Growth supported by Consumer contract price increases
- Strong demand for insurance financial services
- VodaPay 'super-app' reached 1.9 million registered users

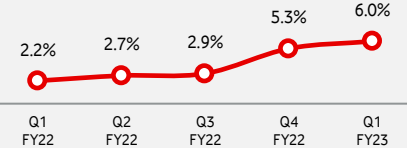
- In Tanzania, mobile money levies reduced from July 2022
- M-Pesa revenue share of service revenue increased to 23.8%

- Good customer base growth and increased data usage
- Vodacom acquisition regulatory approval expected in the near term

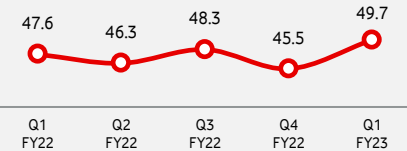
- Continued pricing actions to offset accelerating inflation

## Highlights

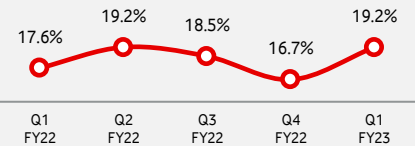
### Consumer contract revenue growth (%)



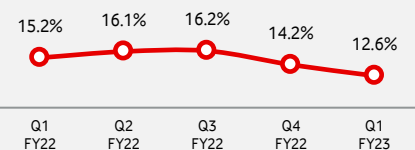
### M-Pesa users<sup>1</sup> (m)



### Organic service revenue growth (%)



### Mobile contract churn (%)





# Appendices

**Provide investor feedback here :**

[quantifire.co.uk/vodafone-68743521/](https://quantifire.co.uk/vodafone-68743521/)

<b>I</b>	More information	<i>p9</i>
<b>II</b>	Our regional footprint	<i>p10</i>
<b>III</b>	Network quality achievements	<i>p11</i>
<b>VI</b>	Definitions	<i>p12</i>
<b>V</b>	Supporting information	<i>p13</i>
<b>VI</b>	Important notice	<i>p14</i>



# Appendix I : More information



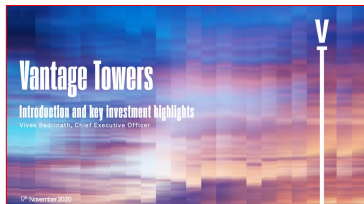
**Vodafone Business** : Investor briefing  
[investors.vodafone.com/vbbriefing](https://investors.vodafone.com/vbbriefing)



**Technology** : Investor briefing  
[investors.vodafone.com/vtbriefing](https://investors.vodafone.com/vtbriefing)



**Digital services** : Investor briefing  
[investors.vodafone.com/digital-services](https://investors.vodafone.com/digital-services)



**Vantage Towers** : Capital Markets Day  
[investors.vodafone.com/VantageTowersCMD](https://investors.vodafone.com/VantageTowersCMD)

Vodafone Business : Agenda		
Welcome & introduction p3		
1	We operate in attractive markets.	Wood Rumer CEO p8
2	We have unique scale & capabilities.	p21
3	We have strong operating momentum.	Suresh Ramiah Chief Executive Director p33
4	We are on a clear growth pathway.	Wood Rumer CEO p46
Conclusions p56		
Appendices p58		

- 5-part video presentation
- 8 video case studies
- 64-page documents
- Analyst Q&A video replay

Agenda		
Welcome & introduction p3		
1	Our customer demand continues to accelerate	Julian Wilbrugh Chief Technology Officer p9
2	We have a strong technology roadmap	Scott Peaty Digital and IT Director p18
3	We allocate capital to drive returns	John O'Byrne Chief Financial Controller p36
4	We are transforming to deliver growth	Julian Wilbrugh Chief Technology Officer p49
Appendices p64		

- 5-part video presentation
- 5 video case studies
- 67-page documents
- Analyst Q&A video replay

Leading digital services & outstanding experiences		
Welcome & introduction p3		
1	Deep & trusted customer relationships	Alex Forrester-Curtis Chief Commercial Officer p8
2	Leading digital consumer services	p24
3	The leading FinTech in Africa	Shameel Jaseeb Vodafone CEO p39
4	The global IoT connectivity leader	Wood Rumer & Erik Bremnes Vodafone Business Team p56
Appendices p72		

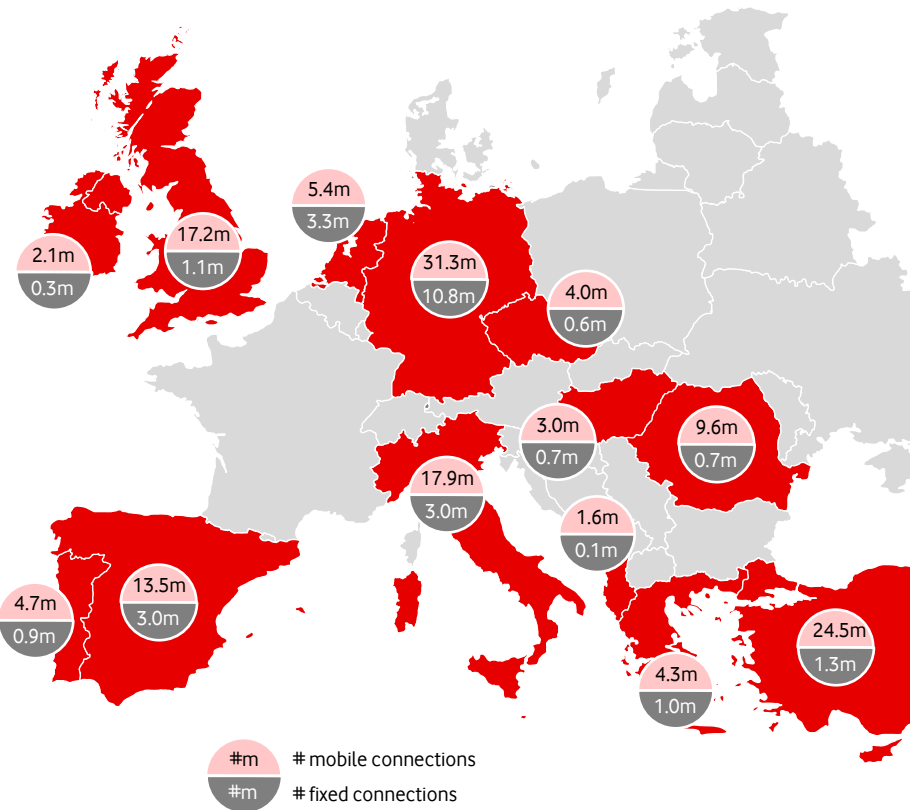
- 5-part video presentation
- 13 video case studies
- 77-page document
- Analyst Q&A video replay

Vantage Towers : Agenda		Presenters
1	Introduction and key investment highlights	2
2	Portfolio overview	4, 5, 6, 7
3	Contracts, organisation and operations	1, 2, 3, 4, 5, 6, 7
4	ESG	1, 2, 3, 4, 5, 6, 7
5	Market drivers and commercial strategy	4, 5
6	Understanding our financials and growth drivers	2, 3, 4, 5, 6, 7
7	Conclusion and Q&A	1, 2, 3, 4, 5, 6, 7

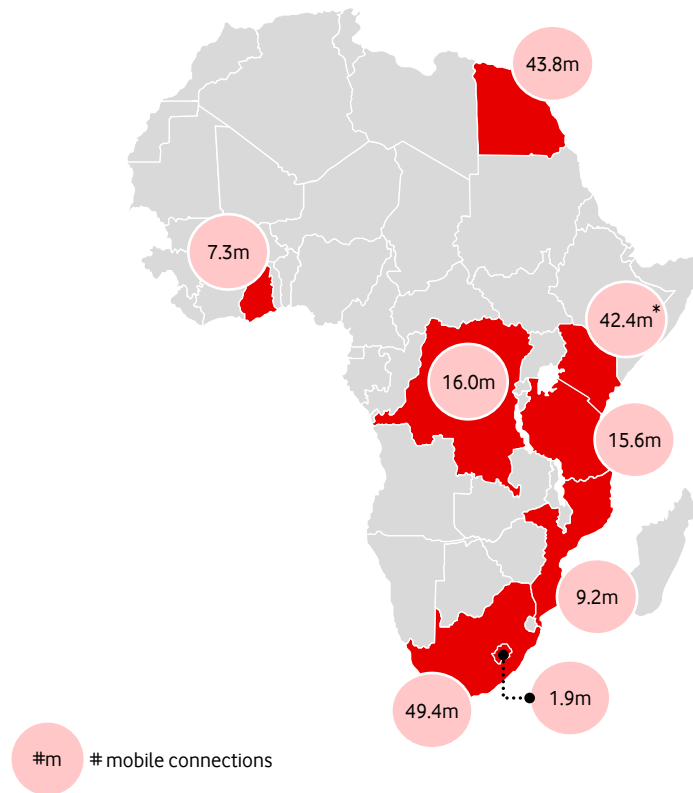
- 7-part video presentation
- 6 video case studies
- 10-part document
- Analyst Q&A video replay

# Appendix II : Our regional footprint

## Europe : converged connectivity leader



## Africa : leading data & payments provider



# Appendix III : Network quality achievements

Mobile networks

## Awards

**best in test.**

Vodafone Island

**connect VERY GOOD**

MOBILE NETWORK AND 5G TEST

Vodafone Europe V2022

**4G Mobile Experience**

- Video Experience
- Games Experience
- Voice App Experience
- Download Speed Experience
- Upload Speed Experience
- 4G Availability
- 4G Coverage Experience

**best in test.**

Vodafone Albania

**connect BEST IN TEST**

MOBILE BENCHMARK SPAIN 2022

4 operators tested.

**5G Mobile Experience**

- 5G Availability
- 5G Reach
- 5G Video Experience
- 5G Games Experience
- 5G Voice App Experience
- 5G Download Speed

**best in test.**

Vodafone Romania

**umlaur**

**ALTROCOCONSUMO APPROVATO**

Qualità della rete mobile

MIGLIORE DEL TEST

16/01/2022

Il miglior servizio mobile per il 2021

**TUTELA**

Best Mobile Experience

Vodafone 2021

**OpenSignal Global Awards 2022**

The Global Winners and Leaders

Video Experience    Upload Speed Experience    OpenSignal

## Publications

**CHIP**

sehr gut 5G

Test: Mobilfunknetze CHIP 01/2022

Vodafone

Unabhängige Tests seit 1978

**CHIP**

sehr gut (1,4)

Test: Mobilfunknetze CHIP 01/2022

Vodafone

Unabhängige Tests seit 1978

**CHIP**

Sieger Preis-Leistung

Test: 10 Internetanbieter CHIP 06/2021

Vodafone

Unabhängige Tests seit 1978

**CHIP**

Mobilfunk 5G

CHIP 01/2022

**ALTROCOCONSUMO**

1. Stelle

**umlaur | connect**

Mobile Benchmark

Fixed networks

**best in test.**

Vodafone Albania

**best in test.**

Vodafone Romania

**BROADBAND PERFORMANCE**

perfn

The best fixed-line Internet performances in 2021

**umlaur**

**connect**

SEHR GUT

MOBILFUNK UND 5G-NETZTEST

Vodafone

Herb 1/2022

**Computer**

TESTSIEGER

Vodafone Kabel

NOTE 2,1

16/2021

**Computer**

PREIS-LEISTUNGS-SIEGER

Vodafone Kabel

NOTE 2,1

16/2021

**MONEY**

BESTER PREIS

Vodafone Kabel

Festnetz+Internet Flatrate-Test

Im Vergleich: 8 Doppelt-Flatrates

Ausgabe 28/2021

**MONEY**

BESTE DOPPEL-FLATRATE

Vodafone Kabel

Festnetz+Internet Flatrate-Test

Im Vergleich: 8 Doppelt-Flatrates

Ausgabe 28/2021

# Appendix IV : Definitions

Term	Definition
Adds	Number of new customers within a defined period
AI	Artificial intelligence / machine learning
ARPU	Average revenue per user, defined as customer revenue and incoming revenue divided by average customers
Churn	Total gross customer disconnections in the period divided by the average total customers in the period
Converged	A customer who receives both fixed and mobile services (also known as unified communications) on a single bill or who receives a discount across both bills
DSL	Digital subscriber line
ERF	European Recovery Fund

Term	Definition
FWA	Fixed Wireless Access
Organic growth	An alternative performance measure which presents performance on a comparable basis, in terms of M&A activity, movements in foreign exchange rates
OSRG	Organic service revenue growth
Service revenue	Service revenue comprises all revenue related to the provision of ongoing services including, but not limited to, monthly access charges, airtime usage, roaming, incoming and outgoing network usage by non-Vodafone customers and interconnect charges for incoming calls
Super-app	Mobile or web application that can provide multiple services including payment and financial transaction processing

# Appendix V : Supporting information

1. Quarterly revenue
2. Group financial performance
3. Segmental Results
4. Segmental analysis
5. New segmental reporting
6. Cash flow
7. Mobile customers
8. Fixed broadband customers
9. Marketable homes passed
10. TV customers
11. Converged customers
12. Mobile churn
13. Mobile data usage
14. Mobile ARPU
15. FX rates

The information opposite is available in spreadsheet format via [investors.vodafone.com](https://investors.vodafone.com)

# Appendix VI : Important notice

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

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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", 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.

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 other matters" and "Risk Management" in the Vodafone Group Plc Annual Report for the year ended 31 March 2022 and under "Forward looking statements and other matters" in the Vodafone Group Plc Q1 Results for the three months ended 30 June 2022. These reports can be found at [investors.vodafone.com](https://investors.vodafone.com).

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## Upcoming events



Annual General Meeting



Social Contract  
Investor Briefing



Half Year FY23 Results