

Vodafone Investor Update

February 15th 2022

Jason Paris, Chief Executive



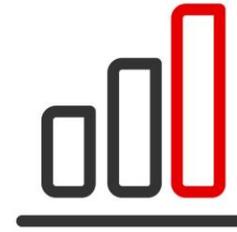
Market Context



COVID Headwinds



Market Structure



Data Growth



On-net



ICT Growth



Network capital release



Our strategic pillars

Driven by a high performing culture



Customer Obsessed

Passionate Kiwis that are obsessed with our customers and always deliver for them



Remarkable Simplicity

Effortless experiences that our customers love because they work like magic every time



Network Forward

Trusted, world leading technology solutions that improve the lives and businesses of our customers



Winning where it matters

The market leader and most efficient operator, investing in the areas that matter the most to our customers & NZ



Operating Performance - Strategy and Culture



Strategy

A clear plan to create sustainable value for our customers, people and shareholders

- First phase of our strategy has seen us improve customer experience, stabilise IT systems, increase network utilisation, improve capability, and remove significant cost
- Phase two sees us building on these gains and benefiting from reinvestment to maximise the value of our infrastructure assets while leveraging our improved capability to grow revenue
- The capability improvements we are making are increasing our executional confidence and de-risking our plans



Culture

Retaining and attracting the best and brightest in a competitive labour market

- Organisation health is the strongest since the acquisition and nearing the top quartile of companies we benchmark against globally. Stand-out results achieved in leadership, direction, accountability and capability
- New operating model to increase our cadence and empower our teams is now embedded
- Best practice leadership & cultural capability programmes in place and delivering results
- One of the most advanced flexible working models in the country
- Responded to Covid brilliantly for customers



Operating Performance - Customer Experience and Cost



Customer Experience

Delighting customers, enhancing self-service and improving reliability with lower-cost digital systems

- Cultural focus on embedding customer experience across every aspect of our business to differentiate on service
- Our customer service measures are the best since records began, but we have higher aspirations still
- 2nd phase of our sales and service channel improvement plan underway with a specific focus on the SME segment
- Legacy IT systems are stable; however flexibility and product development cycles are challenging
- IT platform modernisation underway and over 100k customers migrated off legacy, fixed and mobile products and plans
- ~60% of our customers are using our app regularly. More uptake and significant upside available



Cost

Proudly targeting to become one of the lowest cost and most efficient telcos

- Efficiency programmes have instilled excellent disciplines, processes and an "owner's mindset" across the business
- Significant opex and capex efficiencies realised through cost management initiatives and focus on removing business complexity
- Major reinvestment of gross opex savings back into capability, products and simplification
- Further cost, productivity, customer experience and trading benefits are expected from these investments over the medium term



Operating Performance - Network and Trading

Network

Keeping our customers connected and maximising the value of our network assets

- Maintaining our strengths in mobile and fixed infrastructure
- Strong security and capacity track record
- Further 5G and 4.5G coverage and capacity expansion in urban and regional areas
- Good 5G use-cases emerging for Enterprise, but still nascent for Consumers
- 5G underpinning future FWA expansion
- New Wholesale platform live and in-market attracting sales
- Clear path forward emerging on mobile and fibre asset capital release strategies

Trading

Identifying, innovating and winning in key market segments

- Post-pay mobile performance building through endless plan and device innovation and prepaid migrations.
- ICT momentum gaining, with significant corporate wins and future opportunities identified in security, cloud and IoT
- Off-net fixed market tough in both Enterprise and Consumer with very low margins available. Super Wifi helping us hold trading ground in Consumer and SME segments. On-net is key.
- SME challenging with unsophisticated price driven competition, but we have stabilised and is a focus area of our CX investment



On track for FY22 guidance

- FY22 guidance of \$480m - \$510m is being maintained.
- FY22 guidance range did not include potential impacts of the Software as a Service April 2021 IFRIC clarification. While impact is being finalised, it is expected that approx. \$30m of previously capitalised expenditure will now be recognised as operating expenditure in the statement of comprehensive income for the year ended 31 March 2022.
- FY23 guidance will be provided at the Infratil FY result

	12 months 31/03/21 \$m	6 months 30/09/20 \$m	6 months 30/09/21 \$m	H1 FY22 pcp %	Outlook for FY22
Mobile revenue	793.7	401.1	401.2	0.0%	Modest return to mobile services revenue pcp growth in H2 FY22.
Fixed revenue	728.1	372.6	358.3	-3.8%	Strong ICT and FWA revenue growth partly offsets the decline in fixed legacy resulting from market competitive intensity.
Other revenue	431.9	167.7	196.9	17.4%	H1 pcp growth resulting from higher device revenues. Higher H2 revenues due to seasonality of vendor device releases and sales through peak trading period.
Operating costs	-1505.9	-716.8	-704.6	-1.7%	H1 costs of sales growth in line with revenue growth. Net reduction in indirect operating costs in FY22. Ongoing cost improvements have allowed investment into strategic priorities.
EBITDA	447.8	224.7	251.8	12.1%	FY22 EBITDA margin expansion through improved trading and net cost out. On track to deliver FY22 guidance range of \$480m to \$510m.
Capex	253.4	90.0	221.4	146.0%	H2 FY22 capex lower than H1 due to 1800 / 2100 spectrum license renewal on 1 April 2021. H1 FY20 capex unusually low due to Covid uncertainty.
Net Debt	1300.8	1232.7	1389.8		Bank facilities extended by 1 year. ~30% maturing in July 23, balance maturing July 25

Key investments in FY23



Technology platform upgrade – continuation of digital technology platform upgrade to address legacy complexity.



Customer experience – ongoing improvements to existing platforms, processes and systems with increased investment in Network and IT resilience and capacity.



Trading improvements – ongoing simplification and digitisation with increased investment in ICT growth.



Compliance and Group separation – enhancements in privacy and security with lower investment in IT system separation from Vodafone Group due to ERP programme largely completing in FY22.



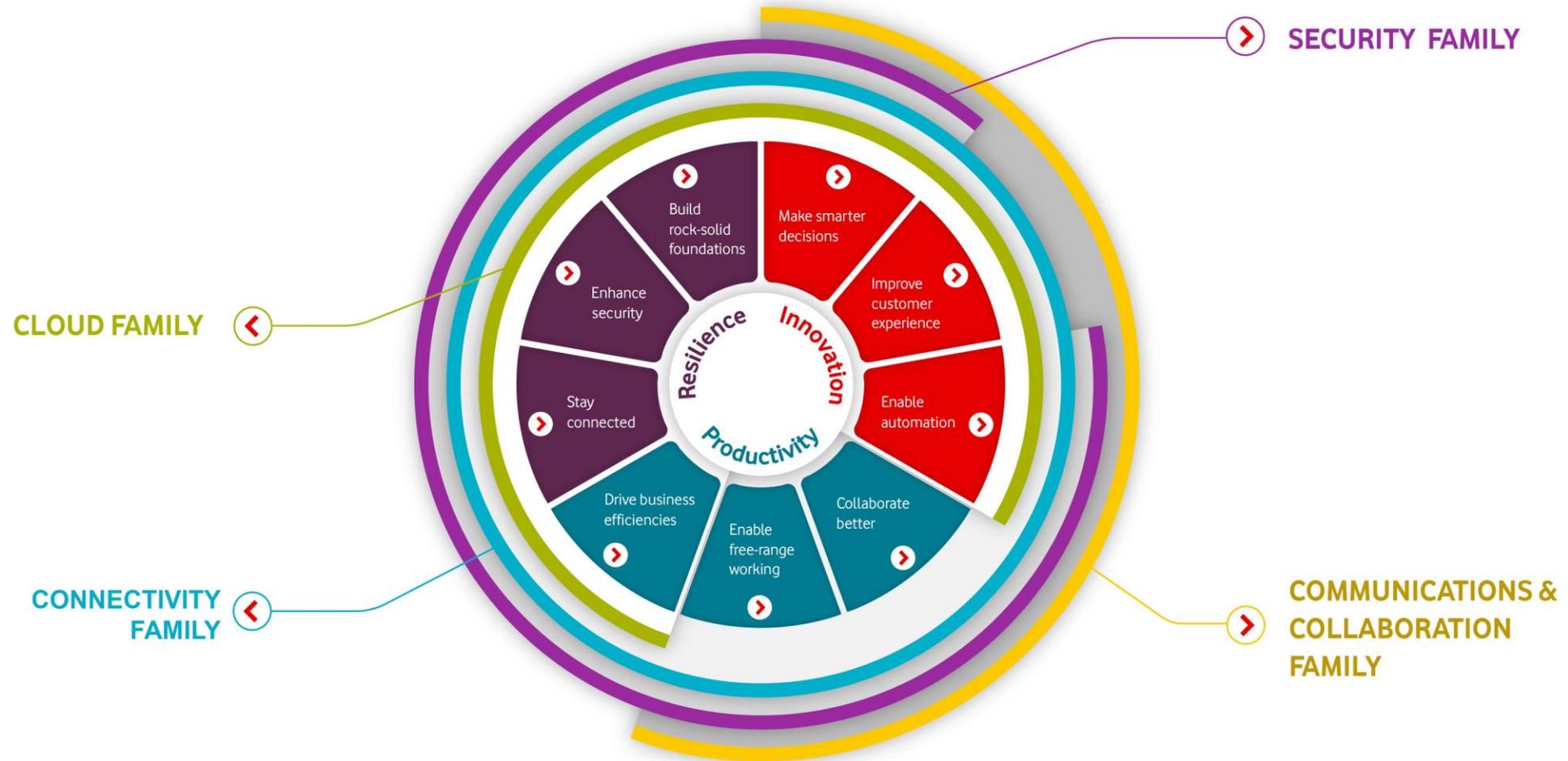
Core Network capability & enhancement – continued expansion of 4.5G and 5G coverage and capacity to improve urban and regional coverage and support greater deployment of FWA. Increased investment in fibre.



Spectrum – part of a multi-year cash investment in 1800/2100Mhz and acquisition of long-term rights of 3.5Ghz 5G spectrum expected in FY23.



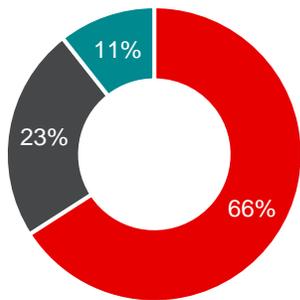
Strategic growth priority: ICT



Potential separation of our passive mobile tower infrastructure assets

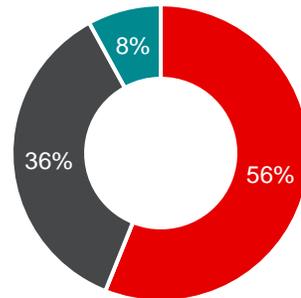
- At an advanced stage of preparation for potential separation & capital release of passive mobile infrastructure tower assets
- Largest tower portfolio in New Zealand¹, covering 98% of NZ's population High-quality portfolio, with strong co-tenancy potential
- Future tower growth driven by continued growth in demand for data
- Vodafone committed to building additional sites to maintain our relative coverage and capacity position in the future
- Believe that a focused independent Tower entity can best meet future demand and service needs

Existing towers are primarily larger structures which have a higher potential for co-tenancy



■ Towers ■ Rooftop ■ Roadside

Portfolio skewed to metro areas with highest data demand



■ Metro ■ Rural ■ Provincial

Geographic footprint of Vodafone assets

Portfolio distributed across NZ, skewed towards metro areas and growth corridors

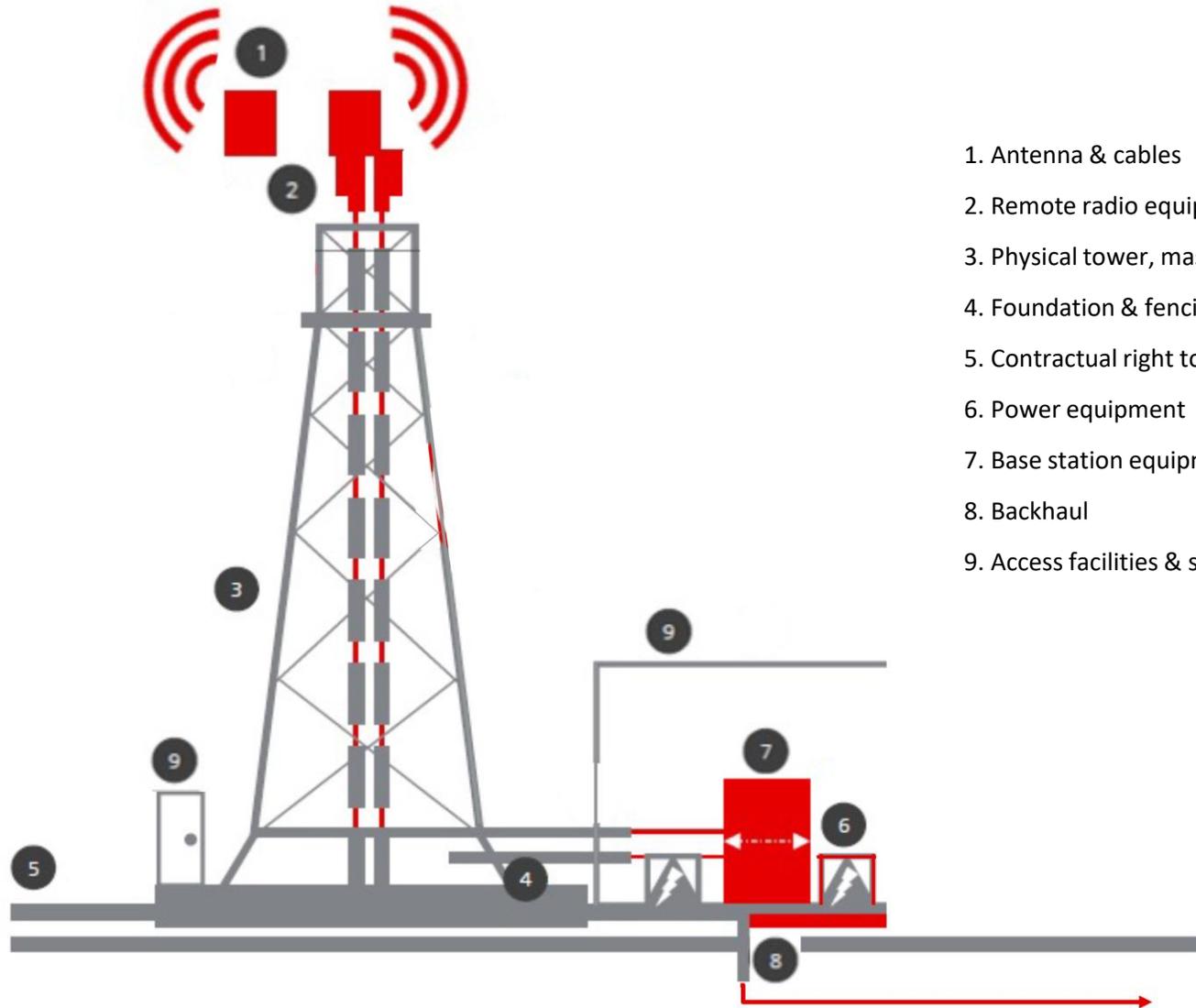
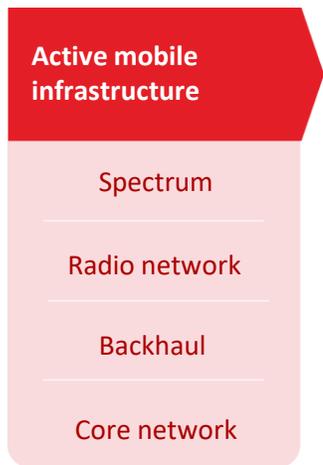
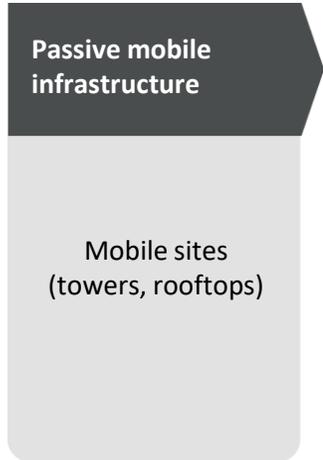


~1,464
total sites

¹ As per information aggregated by a third party using publicly available sources including the MBIE Radio Spectrum Management database. Excludes small cells.



Typical Split of Passive & Active Mobile Infrastructure



- | | |
|--|---------|
| 1. Antenna & cables | Active |
| 2. Remote radio equipment | Active |
| 3. Physical tower, masts & pole | Passive |
| 4. Foundation & fencing | Passive |
| 5. Contractual right to occupy site area | Passive |
| 6. Power equipment | Active |
| 7. Base station equipment | Active |
| 8. Backhaul | Active |
| 9. Access facilities & shelter/service rooms | Passive |



Questions



Appendix 1 – acronym guide

Acronym	Meaning
CX	Customer experience
OHI	Organisational Health Index
NPS	Net Promoter Score
FWA	Fixed Wireless Access broadband delivered across a mobile network
ICT	Information & Communication Technology services
On-Net	Provision of services to customers using our own assets and infrastructure
ERP	Enterprise resource planning software – in this case separation from Vodafone Group control and upgrading software for Vodafone NZ

