Vodafone
Infratil Investor Update

19 October 2022

#YEAROFTHECUSTOMER

Our executive team

Jason Paris
Chief Executive

Jodie King
Chief People Officer

Richard Mooney
Chief Strategy Officer

Lindsay Zwart
Chief Enterprise Officer

Tony Baird
Chief Technology Officer

Juliet Jones
Legal, Regulatory & Sustainability Director

Ralph Brayham
Transformation Director

John Boniciolli
Chief Financial Officer

Andrew Haddad
Chief Information Officer

Joe Goddard
Experience & Commercial Director

Chris Fletcher
SME & Consumer Director

Our purpose

Unlocking the magic of technology to create an awesome Aotearoa

Ka mau te mauri o te hangarau, ka whakamana a Aotearoa

Our plan to deliver

Network Forward

Our customers trust us because we provide secure, world-leading technology solutions that improve their lives and businesses

Remarkable Simplicity

Our customers value us because we support them with effortless experiences that work flawlessly every time

Customer Obsessed

Our customers love us because we understand their needs and are passionate about always delivering for them

Winning where it matters

Our owners back us because we provide strong financial returns through ICT, mobility and on net leadership, with the most efficient cost to operate

Strong progress with significant additional potential available

Progress

Network Forward

- TowerCo transaction soon to be completed
- Wholesale MVNO platform built and in market
- Awarded New Zealand's best mobile network

Remarkable Simplicity

- Best ever IT stability[1]
- Best ever customer service results[1]
- Fastest cost reduction[2,3]

Customer Obsessed

- Highest ever organisational capability and culture scores[1]
- Helping create a better Aotearoa through our Vodafone Aotearoa Foundation

Winning where it matters

- Stable but competitive market
- Fastest growing postpaid connections[4]
- Fastest growing ICT revenue[5]
- Fastest growing EBITDA in the market[2]

Potential

Network Forward

- Accelerated 4G and 5G upgrade path
- Fibre asset review underway
- Significant ongoing investments in security and privacy protections

Remarkable Simplicity

- IT modernisation programme pivot
- On net migration continues
- Product, plan, and experience simplification
- Further service gains being targeted

Customer Obsessed

- Advanced AI, Machine learning and data analytics experimentation

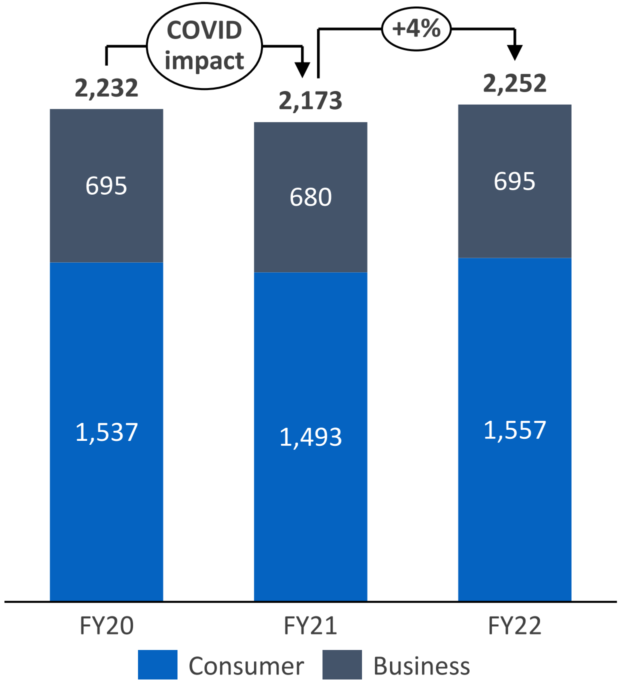
Winning where it matters

- FY23 guidance and eventual 30% EBITDA margin on track
- CPI based pricing construct
- 2023 rebrand announced
- Prepaid churn improvement required

1. For Vodafone NZ
2. Based on latest annual reporting period vs PCP (Prior Comparable Period). Sourced from Spark (June-22) and 2degrees (December-21) annual reports
3. Total operating costs (direct costs and operating expenses)
4. Based on absolute Consumer and Business postpaid connection growth in quarter to June-22 vs PCP, sourced from IDC
5. Based on latest annual reporting period vs PCP vs incumbents Spark and Datacom. Sourced from Spark (June-22) and Datacom (March-22) annual reports

Strong and resilient market dynamics in key mobile segment

Mobile market service revenue ($m)[1,2,3]



1. Market revenue data sourced from IDC and includes interconnect revenue
2. Periods presented at Vodafone financial year end March
3. Business includes SME and Enterprise

Market trends[1,2,3]

- Mobile service revenue growth driven by:
  - Connection growth
    - Consumer Postpaid: +7% CAGR (FY20-22)
    - Business: +4% CAGR (FY20-22)
  - Blended total mobile ARPU growth (FY20: $28.20 → FY22: $29.80) driven by pre to post migration, data growth etc.)
- The growth in FY22 does not include the impact of return of roaming, which we are now experiencing in current trading
- Industry consolidation (illustrated below)

Pre 2degrees and Vocus NZ merger **Post merger**

Network Forward

Infrastructure utilisation continues

WHERE WE'VE COME FROM	WHERE WE ARE NOW	WHERE WE'RE HEADING
Challenger with a proud history of technology leadership; first to launch 2G/3G/4G	New Zealand's first 5G network and awarded New Zealand's best mobile network. 30-year Nokia partnership	Best in class mobile network with all sites 4.5G/5G and ubiquity; small cell and mmWave; 2G/3G switch-off; 4G/5G spectrum re-farm
Limited growth investment, focus on capacity & metropolitan areas	New site builds (85/210) and upgrades (281/660) being completed in metro and regional New Zealand in partnership with customer facing BU's and customer input (pin drop); RBI2	New Zealand's smartest integrated network leveraging 5G SA Core capabilities with fixed / mobile convergence; high-capacity fibre; AI/ML
High quality but underutilised asset – 11,000 km of access, metro, national and International fibre	Increased network utilisation with ~30% increase in on net customers; wholesale wins, network sharing and new hyperscaler data centre fibre builds; double-digit international growth	Further on net migration and wholesale acceleration
No ability to consider infrastructure value maximisation opportunities	Infrastructure value maximisation and delayering (e.g. 2degrees MoRAN and TowerCo)	FibreCo asset review – 48,000 buildings within 50m of network; 214k homes passed in HFC; domestic and International
Cyber security only as strong as Vodafone's weakest market	Group separation, improved cyber security maturity (NIST 3.6) and reliability with AI and analytics	Cyber security leader (NIST >4) with 5G SA Core virtualisation and legacy retirement

TowerCo transaction

Passive mobile infrastructure

Mobile sites
(towers, rooftops)
3,4,5,9

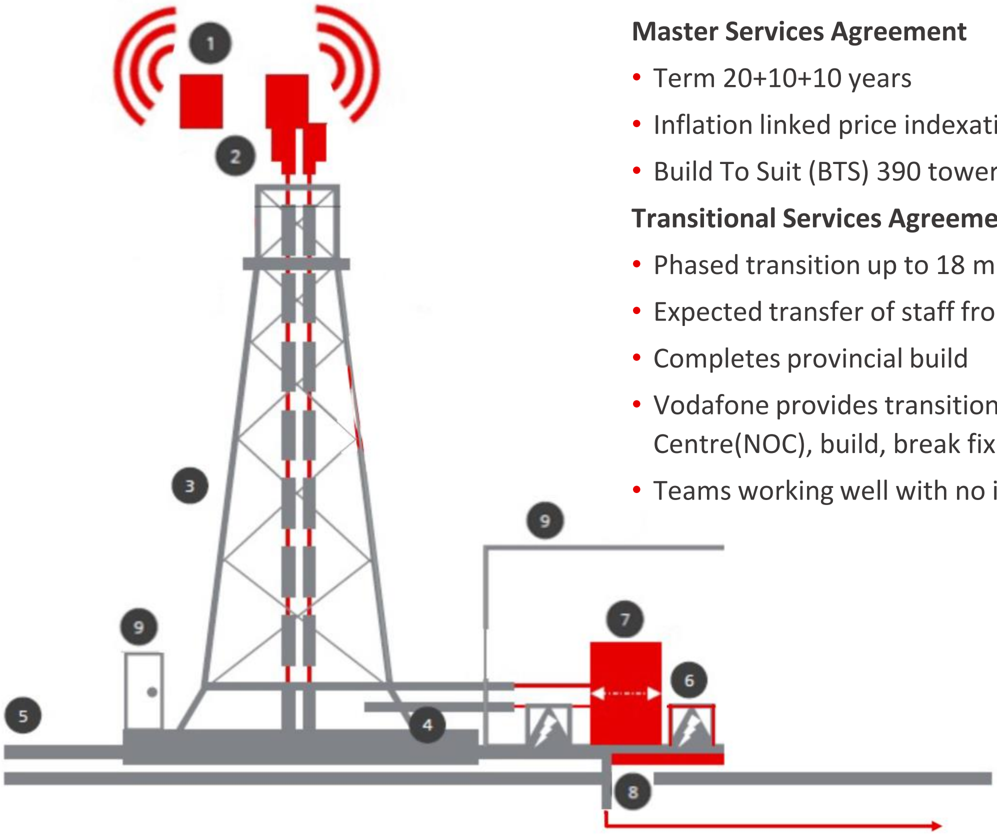
Active mobile infrastructure

Spectrum

Radio network 1,2

Backhaul Power, cabinets 6,7,8

Core network



Expected to complete 1 November 2022

- 1,485 Passive Towers transfer
- Supportive owners – Infratil, InfraRed Capital Partners and Northleaf Capital

Master Services Agreement

- Term 20+10+10 years
- Inflation linked price indexation
- Build To Suit (BTS) 390 towers minimum over 10 years

Transitional Services Agreement

- Phased transition up to 18 months
- Expected transfer of staff from Vodafone
- Completes provincial build
- Vodafone provides transition services, e.g. Network Operations Centre(NOC), build, break fix
- Teams working well with no issues so far

Remarkable Simplicity

Simplifying, stabilising and modernising our IT

WHERE WE'VE COME FROM

- Complex architecture, aged applications and BSS complexity driven by multiple acquisitions
- Initial moves to consolidate BSS systems

WHERE WE ARE NOW

- Stabilisation and simplification of legacy systems with open problem investigations reduced from >350 in 2019 to < 50 in September 2022
- All Consumer and SME customers migrated off legacy IT stacks onto the target platform by December 2022
- Successful IT delivery of key technology changes – Group separation for ERP, Office IT and security, new contact centre, Cloud infrastructure, NaaS – Network as a Service & APIs, modernised ticketing and customer reporting
- BSS modernisation programme (DX) with international vendor challenging and have pivoted to work with existing vendors
- New MVNO/MVNE deployed for mobile, FWA and IoT

WHERE WE'RE HEADING

- All existing legacy systems upgraded and stabilised
- Increased AI and analytics to drive new user experiences. Automated security tools, controls and compliance to ensure effortless customer migration to new products, plans and IT stack
- Further radical product simplification, digitisation and automation across all products and journeys
- IT modernisation completed with existing vendors and xVNO for Fixed and Mobile wholesale offers

We're improving our operational performance

WHERE WE'VE COME FROM	WHERE WE ARE NOW	WHERE WE'RE HEADING
• Low transactional NPS (tNPS)	• tNPS has improved 25% over the last year	• #1 brand in telco by NPS
• Average speed to answer (ASA), First Time Fix (FTF) and Transfers all worst in market	• ASA has halved, ~4k additional customers FTF per month, 8% fewer calls transferred	• Digital first, automation self service, call transfers halved by end of FY24 and lowest cost to serve
• Calls handled offshore or outsourced	• ~300 customer service frontline staff now onshore and insourced with 100% of Business calls now onshore and regional SME business managers in place	• Omnichannel and hyperlocal sales and service experience fully embedded
• Retail operated as a JV not direct	• Retail store buy back completed	• New store fit outs in 2023 with locals serving locals
• Higher call volumes / less digital self serve	• Started to deliver on our omnichannel strategy using Amazon connect and async messaging	• Design service out of products and plans
	• Improving our digital self serve through App (7% increase in usage since June 2022)	• Fully rationalised product set

Customer Obsessed

Lifting our culture, capability and performance

WHERE WE'VE COME FROM

- Low eNPS at 13
- Limited organisational health measures
- Limited organisational productivity measures (benchmark to Vodafone Group)
- A leader in flexible working
- Limited investment in capability and new ways of working

WHERE WE ARE NOW

- Strong eNPS at 55
- Top end of second quartile organisational health
- Organisational productivity better than NZ peers (labour / revenue ratio)
- A recognised New Zealand leader in hybrid flexible through COVID, with the tools, behaviours and culture embedded to support high performance
- New ways of working being trialed and embedded, new behaviours launched and comprehensive leadership development programmes in place

WHERE WE'RE HEADING

- Further eNPS improvement
- Top quartile organisational health
- Upper quartile internationally in organisational productivity
- A leader in flexible working to attract regional talent and investment in new ways of working, simplification and digital tools for ongoing productivity gains
- New ways of working and behaviors embedded to accelerate to future operating model, investment in Data, CX & Digital capability

Committed to ESG and a better New Zealand for future generations

WHERE WE'VE COME FROM	WHERE WE ARE NOW	WHERE WE'RE HEADING
• Legacy equipment, growing power consumption	• Power management of off-peak capacity, recycling of infrastructure, passive heat exchanging, solar power trials	• Increased use of solar, power management, retirement of legacy network equipment, leading to reduced power consumption
• Limited focus on carbon emissions	• Evaluation of carbon emissions footprint by independent audit • Sustainability standards set through procurement processes including our commitment to Te Tiriti o Waitangi	• Execution of plan to transition to a greener future using mix of different carbon emission reduction options
• Strong focus on philanthropy via the Vodafone Aotearoa Foundation	• Vodafone Aotearoa Foundation 100% focused on the youth of New Zealand	• Vodafone Aotearoa Foundation with its partners makes significant inroads in halving the number of disadvantaged youth in New Zealand
• Vodafone Aotearoa Foundation focused on young people and $47m contributed over 20 years	• Additional $1.2 million p.a. to be given to youth-related charities via One Good Kiwi	• One Good Kiwi scales and additionally funded by other corporate partners
• ESG largely informed by the Vodafone Group priority areas with heavy Europe/Africa focus	• Creation of Whārikihia - Our Māori strategy, initial focus on cultural competency and developing relationships with Māori businesses	• Embedding of Whārikihia - our Māori strategy creates sustainable futures with Māori • Increase diversity e.g. Pacifika, LGBTQI+ across all levels of our workforce

Winning where it matters

Changing the way customers think about our brand

Our new brand will

1. *Enable significant ongoing cost savings* once the rebrand is completed and the brand has been established
2. *Improve mobile trading performance* by creating ongoing moments of reappraisal and improved consideration for a large segment of New Zealanders who currently don't consider us an option for their mobile and broadband services
3. *Accelerate our ICT growth*. The Vodafone brand is strongly linked with mobility and now also needs to be just as strong in ICT. The new brand will unlock further trading improvements in a growing segment of the market that we have relatively low market share in
4. *Drive dramatic simplification and efficiency* across the company – one plan, one click, one call, one bill, one process


We’re changing in early 2023
one.nz

Staff launch

52 stores

04 care centres

100+ businesses

Sales

	Prepaid		Pay monthly
Target (day)	994		185
Actual (day)	1,532		232
	+54.8%		+25.4%

Wednesday 28 September

Digital / one.nz

Page views
100,932

New users
17,359

Sessions
30,920

Total users
65,543

Engagement rate
28.69%

Social media

Platform	Reach	Impressions
Facebook/IG	1,959,353 66%	5,595,872
Tik Tok	843,452 64%	2,394,662
Snapchat	541,914 46%	1,079,307
Linkedin	214,159 22%	373,390

Internal engagement

888 respondents

Positive, Neutral, Negative, Skipped

Media / national reach

Television	46%
Radio	59%
Outdoor	70%

All people 25–54 years of age

Direct / eDM

Consumer	1,381,286 sent Open rate 61% Read 54%
Business	120,724 sent Open rate 75% Read 65%
Supplier	1,153 Open rate 224% Read 72%

PR

Estimated reach of $1.7m

115x articles

41x articles online and print

16x articles mentioned One Good Kiwi

26x broadcast including interviews, opinions and news bulletin announcements

95% of coverage

8x interviews Jason Paris (7) Lindsay Zwart (1)

One Good Kiwi

App store #1

Downloads 5,000+

Votes 38,000+

Consumer Trading: Mobile Service Revenue Growth Accelerating

WHERE WE'VE COME FROM	WHERE WE ARE NOW	WHERE WE'RE HEADING
Trailing the market in total mobile customer growth	Leading the market in postpaid mobile customer connection growth[1]	Leading the market in total mobile customer growth
Mobile & broadband customer ARPU decline	Mobile customer ARPU growth	Mobile & broadband ARPU growth
Mobile & Broadband revenue decline	Mobile revenue growth	Mobile & Broadband revenue growth
Price drops	Price increases	CPI based pricing construct
Postpaid customer churn of 11-12%	Postpaid customer churn of 9-10%	Postpaid customer churn of 7-8%
<10% fixed wireless penetration of broadband base	>20% fixed wireless penetration of broadband base	>25% fixed wireless penetration of broadband base
Strong roaming & tourism revenues	Partial return of roaming & tourism revenues	Roaming & tourism returning to pre-covid levels

1. Based on absolute connection growth in quarter to June-22 vs PCP, sourced from IDC

Enterprise & SME Trading: #1 in Mobile and Fastest Growing in ICT

WHERE WE'VE COME FROM

- A declining mobile based with high churn
- ICT products sold to 20% of customer base
- Limited fixed options
- Low customer satisfaction with offshore customer service and poor digital experience

WHERE WE ARE NOW

- Enterprise and SME #1 mobile market connection share[1] and SME mobile base with lowest churn on record[2]
- ICT revenue growth faster than the market[3]
- A leader in ICT enhanced security through partial acquisition of NZ's leading cyber security company, DEFEND
- ICT attachment at 46%
- Unified communications growing at greater than 20% YOY
- 100% of business care onshore improved customer satisfaction
- Enhanced self service and digital experience

WHERE WE'RE HEADING

- Maintain #1 in Mobile market connection share for Enterprise and SME
- New Zealand's most disruptive and fastest growing ICT brand
- Differentiated private cloud partnering with hyperscalers
- Fixed wireless and unified communications growth
- 100% case managed care for customer service
- Hyperlocal omni channel execution leading to growth of regional market share for SME

1. Market share estimates sourced from IDC
2. For Vodafone NZ
3. Based on latest annual reporting period vs PCP vs incumbents (Spark and Datacom). Sourced from Spark (June-22) and Datacom (March-22) annual reports

Wholesale trading: Our Aim Is to be the Wholesale Partner of Choice

WHERE WE'VE COME FROM

Traditional wholesaling

Fledgling business at acquisition primarily dealing in traditional fixed products; Vodafone Group reluctance in wholesaling mobile or monetising infrastructure

Overall business focus on retail with limited wholesale customer or product focus. Aged and complex services

WHERE WE ARE NOW

Infrastructure partnering

Growing business with strong pipeline. 36% YoY growth targeting new customers with full product catalogue: Mobile products launched with MVNO offering mobile, FWA and IoT – deals contracted; active network sharing

Modern fixed products such as Data Centre Connect for wholesale and Enterprise with new fibre builds underway for CDC and hyperscaler data centres; International growth (30% 3-year CAGR);
Access fibre modernisation

Government – private networks and emergency services proposals; rural / mobile black spot builds

WHERE WE'RE HEADING

Infrastructure partnering leadership

Ongoing double-digit growth

Use of xVNE for fixed and mobile products in converged bundles

New 5G enabled use cases:
- Private 5G on premise (e.g. campus / Enterprise WiFi replacement)
- Network Slice (e.g. emergency services)
- Mobile Edge Compute
- IoT

Fixed highly elastic and secure solutions easily configured with bandwidth on demand for business to cloud applications

Financials

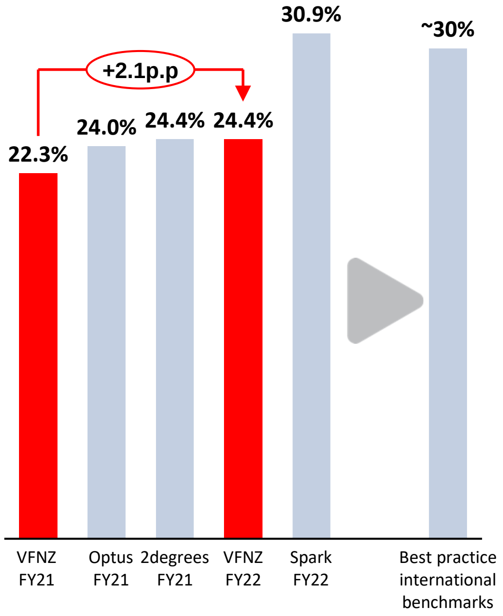
On track for FY23 Guidance with strong mobile services revenue growth

	12 months 31/03/2021 $m	12 months 31/03/2022 $m	FY22 pcp %	FY23 Outlook
Mobile revenue	793.7	804.9	1.4%	Accelerating mobile services revenue growth. FY23 mobile services revenue aspiration mid-to-high single digit percentage growth
Fixed revenue	728.1	710.5	(2.4%)	FY23 outlook broadly in-line with FY22. Strong ICT, FWA, and Wholesale revenue growth partly offsets the decline in fixed legacy resulting from market competitive intensity
Other revenue	431.9	452.0	4.7%	FY23 outlook broadly in-line with FY22 subject to handset supply conditions
Total Costs	(1,517.1)	(1,486.4)	2.0%	Direct cost of sales expected to grow at a slower pace than revenue growth. Reduction in underlying indirect operating costs excluding (a) one off Tower Co costs; and (b) one-off rebranding investment
EBITDA	436.6	481.0	10.2%	FY23 EBITDA margin expansion through accelerating service revenue growth and reduction in underlying indirect operating costs
Capex	242.2	356.2	47.1%	FY23 capex ex-spectrum is expected to be broadly in-line with FY22
Net Debt	1,300.8	1,344.4	3.3%	~30% maturing July 2023, balance maturing July 2025. The process to extend the July 2023 maturity has commenced.

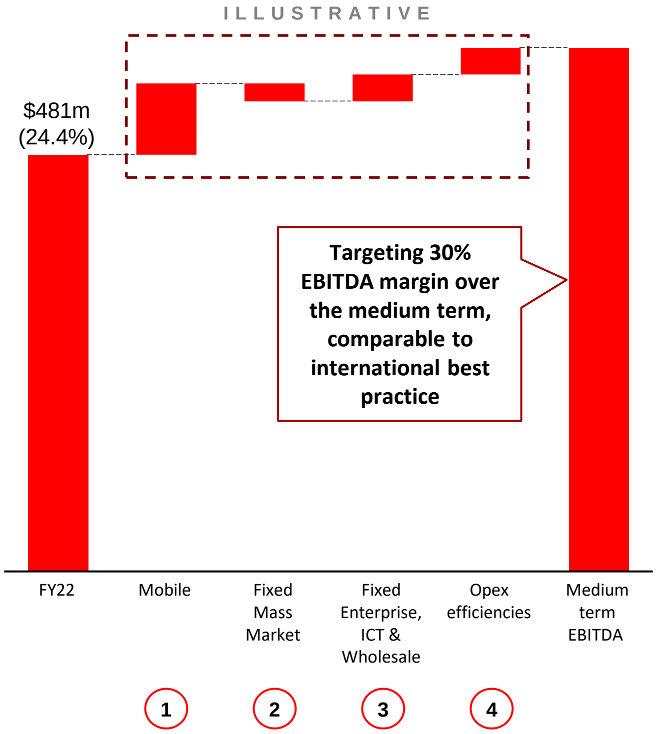
- FY23 guidance of $490m - $520m is maintained
- FY23 Total Costs include one-off (a) Tower Co transaction and implementation costs; and (b) the rebranding investment
- FY23 guidance basis guidance basis excludes any potential impairments to investment / non-current assets and the impact of the Tower Co sale (including transaction and implementation costs) which is yet to complete.

Vodafone has a clear path to deliver margin expansion aspirations in line with international benchmarks

Statutory EBITDA margin (post-SaaS) (%): Vodafone[1] vs. international benchmarks[2]



Future EBITDA % growth drivers



EBITDA drivers:

1. **Continued strong (low to mid single digit) mobile service revenue growth supported by**
   - Continued market growth
   - Return of roaming revenues and travellers
   - Data growth

2. **Continued pressure in fixed broadband market, reducing ARPU by low single digit offset by growth of FWA**

3. **Growth sectors, in particular ICT and Wholesale.**
   - ICT growth of c. 10%+ in line with market driven by challenger position and strong growth in security and cloud markets.
   - Gradual sustained growth in Wholesale infrastructure

4. **Continued operating efficiencies driven by**:
   - Network and IT modernisation
   - Simplification, automation, process improvements and improved CX

1. Vodafone presented pre TowerCo impact
2. Sourced from Optus (March-21), 2degrees (December-21) and Spark (June-22) annual reports

Future Scorecard

Our key focus areas

Objective	Measure
Network Forward	• Maximise value from infrastructure • Best in class mobile network
Remarkable Simplicity	• Dramatic simplification of products, plans and journeys • All service interactions right first time • Market leading efficiency and cost discipline
Customer Obsessed	• Market leading customer experience • Strong employee capability, productivity and engagement
Winning Where It Matters	• Stable but competitive market • Grow mobile revenue • Grow ICT year on year revenue • Gain market NPS leadership • A New Zealand leader in sustainability

Questions?

Thank you

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Appendix – acronym guide

Acronym	Meaning
5G SA	5G Stand Alone core solution
API	Application Programming Interface
ASA	Average Speed to Answer
BSS	Business Support Systems
BU	Business Unit
ERP	Enterprise resource planning
FTF	First time fix
FWA	Fixed Wireless Access
IoT	Internet of Things
MVNE / xVNE / MVNO	Mobile Virtual Network Enabler / Operator
NIST / CSF	National Institute of Standards and Technology / Cybersecurity Framework
NPS / eNPS / tNPS	Net Promoter Score / Employee Net Promoter Score / Transactional Net Promoter Score
NaaS	Network as a service
OHI	Organisational Health Index
RBI	Rural Broadband Initiative